

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you should consult a person authorised under the Financial Services and Markets Act 2000 (as amended) who specialises in advising on the acquisition of shares and other securities before taking any action. The whole text of this document should be read.



CML MICROSYSTEMS Plc

*(incorporated and registered in England & Wales under the Companies Act 1985
with registered number 00944010)*

APPENDIX

FURTHER INFORMATION ON CML MICROSYSTEMS Plc IN CONNECTION WITH ITS PROPOSED ADMISSION TO TRADING ON AIM

This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules published by the London Stock Exchange in connection with the application by the Company for the admission to trading on the AIM market ("AIM") of London Stock Exchange plc ("London Stock Exchange") of the entire issued and to be issued share capital of the Company ("Admission"). It includes, *inter alia*, all information that, under these rules, would otherwise have had to be included by CML Microsystems Plc (the "Company") in an admission document and which is not found in the current public disclosure record, or in current public disclosure filed by the Directors of the Company, or as filed at Companies House, or on the Company's website at <https://www.cmlmicroplc.com/> (collectively, the "Public Record"). The Public Record can be accessed freely. This Appendix should be read in conjunction with the Schedule 1 Announcement Form made by the Company and the Company's Public Record. This Appendix and the Schedule 1 Announcement Form together constitute the "Announcement". The contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of this document.

AIM

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the Financial Conduct Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

Responsibility

The Directors of the Company, whose names appear on page 2 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors having taken all reasonable care to ensure that such is the case such information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Nominated Adviser and Broker

Shore Capital and Corporate Limited ("SCC"), and Shore Capital Stockbrokers Limited ("SCS")

(together “**Shore Capital**”) which are regulated by the Financial Conduct Authority, are acting as nominated adviser and broker respectively to the Company and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any transaction or arrangement referred to herein. Shore Capital has not authorised the contents of any part of this document for the purposes of the AIM Rules. The responsibilities of Shore Capital as the Company’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange.

1. COMPANY SUMMARY

1.1 The Company was incorporated in England and Wales on 12 December 1968 with registered number 00944010. The Company’s legal entity identifier (LEI) is 213800HF8HL7CZDM5C42. The ordinary shares of 5 pence each in the capital of the Company (“**Ordinary Shares**”) are currently listed on the standard segment of the official list of the Financial Conduct Authority (the “**Official List**”) and admitted to trading on the main market of the London Stock Exchange.

1.2 The Directors of the Company are:

- Nigel Graham Clark – Group Executive Chairman
- Christopher (“Chris”) Arthur Joseph Gurry – Group Managing Director
- James (“Jim”) Andrew Lindop – Independent Non-Executive Director
- Geoffrey (“Geoff”) Frederick Barnes – Senior Independent Non-Executive Director

1.3 The Company’s registered address and head office is located at Oval Park, Hatfield Road, Langford, Maldon, Essex, CM9 6WG.

2. RISK FACTORS

2.1 In addition to the risk factors relating to the Company set out in the Company’s report and accounts for the year ended 31 March 2021, the following specific risk factors relating to the Ordinary Shares should be considered carefully in evaluating whether to make an investment in the Company. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result from such investment. If you are in any doubt as to the action you should take, you should consult a professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. This summary of risk factors is not intended to be exhaustive nor are they presented in any order of priority. Additional risks and uncertainties relating to the Company and its subsidiaries (the “Group”) and/or the Ordinary Shares that are not currently known to the Company, or which the Company currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Group’s business, results of its operations, financial condition and prospects.

(a) Investment in AIM securities

Investment in companies whose shares are traded on AIM may be perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. An investment in the Ordinary Shares may be difficult to realise. Existing and prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may realise less than their investment.

(b) Share price volatility and liquidity

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory

conditions.

(c) Additional capital requirements and dilution

The Company may require additional capital in the future for expansion, future acquisitions and/or business development. If the Company does not generate sufficient cash through its operations, it may need to raise additional capital from equity or debt sources. If additional funds are raised through the issuance of new shares or equity-linked securities of the Company, other than on a pro rata basis to existing shareholders, the percentage of Ordinary Shares held by the existing shareholders in the Company may be reduced. Shareholders may experience subsequent dilution and/or such securities may have preferred rights which are senior to those attached to the Ordinary Shares. Further, there can be no guarantee that further capital raisings will be successful.

(d) No guarantee that the Ordinary Shares will continue to be traded on AIM

The Company cannot assure investors that the Ordinary Shares will always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their shares, which could have an adverse impact on the price of the Ordinary Shares. Additionally, if in the future the Company decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded on AIM could decline.

3. DIRECTOR INFORMATION

3.1 In addition to their directorships of the Company, the Directors are currently or have within the five years prior to the date of this document been directors or partners of the following companies and partnerships:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Nigel Graham Clark	CML Microcircuits (UK) Limited PRFI Limited CML Microcircuits (Singapore) Pte Limited CML Microcircuits (USA) Inc	Hyperstone GmbH (Germany) Hyperstone Asia Pacific Ltd Hyperstone (USA) Inc
Christopher Arthur Joseph Gurry	CML Microcircuits (UK) Limited CML Microcircuits Limited PRFI Limited Integrated Micro Systems Limited Consumer Microcircuits Limited Applied Technology Limited Applied Technology (U.K.) Limited CML Microcircuits (Singapore) Pte Ltd CML Microcircuits (USA), Inc Shanghai Futaike Investment Consulting Co Ltd (China) Wuxi Sicomm Communication Technology Co Ltd (China)	Hyperstone GmbH (Germany) Hyperstone (USA) Inc Hyperstone Asia Pacific Ltd (Taiwan) Quanzhou Sicomm Communication Technologies Co., Ltd (China) Wuxi Shilian Communication Technology Co Ltd

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
James Andrew Lindop	-	-
Geoffrey Frederick Barnes	Sandy Lane (Poole) Management Limited Termground Property Management Limited	CCBP Pillars Ltd GFB Consulting Ltd Baker Tilly International Limited

3.2 As at the date of this document, no Director:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or been subject to any individual voluntary arrangement;
- (c) has been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which has entered into a company voluntary arrangement or a composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) has been a partner in any partnership which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) has had any asset belonging to him placed in receivership or has been a partner in any partnership which had an asset placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body); or
- (g) has been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

3.3 The following service agreement and letters of appointment have been entered into between Directors and the Company.

(a) *Chris Gurry - Managing Director service agreement*

Chris Gurry was appointed as managing director on 1 October 2007 and the terms of his appointment are set out in a service agreement dated 31 March 2008. The service agreement has a commencement date of 1 April 2008. The appointment can be terminated by either party giving the other not less than 12 months' prior notice. A salary of £224,000 per annum is payable, subject to annual review. The agreement imposes certain restrictions on Mr. Gurry as regards the use of confidential information and intellectual property. In addition, Mr. Gurry will be subject to certain restrictive covenants following the termination of the agreement.

(b) *Nigel Clark - Non-Executive Chairman letter of appointment*

Nigel Clark was appointed as Group Non-Executive Chairman on 19 January 2015 and, on 1 June 2021, Mr Clark was appointed as Group Executive Chairman. The terms of his appointment are set out in a service agreement dated 1 June 2021. The service agreement has a commencement date of 1 June 2021. The appointment can be terminated by either party giving the other not less than six months' prior notice. A salary of £180,000 per annum is payable, subject to periodic review. The letter imposes certain restrictions on Mr. Clark as regards the use of confidential information and intellectual property. In addition, Mr. Clark will be subject to certain restrictive covenants following the termination of the letter.

(c) *Jim Lindop – Independent Non-Executive Director letter of re-appointment*

Jim Lindop was appointed as Non-Executive Director on 1 April 2013 and the current terms of his appointment are set out in a letter of re-appointment dated 25 March 2019 (as amended on 1 June 2021). The letter of re-appointment commenced on 1 April 2019. The appointment is for a term of three years from the date of commencement until the conclusion of the Company's AGM occurring approximately three years thereafter, unless terminated earlier by either party giving the other not less than one month's prior notice. A fee of £30,000 per annum is payable, subject to periodic review. The letter imposes certain restrictions on Mr. Lindop as regards the use of confidential information and intellectual property. In addition, Mr. Lindop will be subject to certain restrictive covenants following the termination of the letter.

(d) *Geoff Barnes – Senior Independent Non-Executive Director letter of appointment*

Geoff Barnes was appointed as Non-Executive Director on 1 April 2017 and the current terms of his appointment are set out in a letter of re-appointment dated 22 March 2021. The letter of re-appointment commenced on 1 April 2021. The appointment is for a term of three years, from the date of commencement until the conclusion of the Company's AGM occurring three years thereafter, unless terminated earlier by either party giving the other not less than one month's prior notice. A fee of £35,000 per annum is payable, subject to periodic review. The letter imposes certain restrictions on Mr. Barnes as regards the use of confidential information and intellectual property. In addition, Mr. Barnes will be subject to certain restrictive covenants following the termination of the letter.

- 3.4 The Articles require that all Directors are subject to re-appointment at the first AGM after their appointment and, thereafter, apart from the Group Managing Director, one-third of the remaining Directors shall retire by rotation at the AGM. Each Director is subject to re-election at intervals of not more than three years.

4. EMPLOYEES

The number of employees as at 2 August 2021, being the last practicable date prior to the publication of this document, was 139.

Set out below is a table showing the number of employees employed by the Group, broken down by country, as at the end of each financial year covered by the historical financial information.

	31 March 2019	31 March 2020	31 March 2021
UK	105	110	103
USA	28	21	10
Singapore	7	6	6
China	32	29	28
Germany	49	45	-
Total	221	211	147

As at the end of each financial year covered by the historical financial information, the distribution of the Group's employees and full-time consulting and contracted personnel working in each function were:

	31 March 2019	31 March 2020	31 March 2021
Admin	54	44	33
Engineering	105	101	58
Manufacturing	34	35	34
Marketing and selling	28	31	22
Total	221	211	147

For all periods shown above, employee numbers include temporary staff on employed fixed term contracts or contracted via agencies, part-time staff and directors.

The Company has no record of any industrial action at its main sites and considers its

relations with employees to be good.

5. DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

- 5.1 The interests of the Directors and, so far as is known to the Directors having made appropriate enquiries, persons connected with them, which expression shall be construed in accordance with the AIM Rules for Companies, (all of which are beneficial except as shown), in the existing share capital of the Company as at 2 August 2021, being the last practicable date prior to the publication of this document, and as expected to be immediately following Admission (assuming that no further Ordinary Shares are issued after the date of this document), are as follows:

<i>At the date of this document</i>		
<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued share capital</i>
Chris Gurry	908,816	5.49%
Nigel Clark	24,600	0.15%
Jim Lindop	-	-
Geoff Barnes	12,000	0.07%
<i>At Admission</i>		
<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Chris Gurry	908,816	5.49%
Nigel Clark	24,600	0.15%
Jim Lindop	-	-
Geoff Barnes	12,000	0.07%

- 5.2 On Admission, the Directors and, so far as is known to the Directors having made appropriate enquiries, persons connected with them, which expression shall be construed in accordance with the AIM Rules for Companies, will have the following options over Ordinary Shares:

<i>Name</i>	<i>Number of options</i>	<i>Exercise price (£)</i>	<i>Exercise period</i>
Chris Gurry	30,000	3.51	25 Sept 2018 - 25 Sept 2025
	75,000	2.79	19 Mar 2020 - 18 Mar 2029

6. MAJOR SHAREHOLDERS

- 6.1 A list of those shareholders who, directly or indirectly, are interested in three per cent. or more of the issued ordinary share capital of the Company is set out at <http://www.cmlmicroplc.com>.
- 6.2 As at the date of this document, no major shareholder has any different voting rights to the other holders of ordinary shares in the capital of the Company.

7. ARTICLES OF ASSOCIATION

A copy of the Articles may be accessed at <http://www.cmlmicroplc.com>, a summary of which is set out below. The Articles, which were adopted by a special resolution passed

on 18 March 2021, contain, amongst others, provisions to the effect set out below. References to the “**Statutes**” means the Companies Acts (as defined in section 2 of the Companies Act 2006 (the “**2006 Act**”), in so far as they apply to the Company.

7.1 **Limited liability**

The liability of the Company's members is limited to the amount (if any) unpaid on the shares in the Company held by them.

7.2 **Unrestricted objects**

The objects of the Company are unrestricted.

7.3 **Share rights**

Rights of different classes of shares

Subject to any special rights or privileges or restrictions previously conferred on the holders of any existing shares or class of shares, the Company may issue shares with such rights or restrictions as the Company may by ordinary resolution determine or, in the absence of any such determination, as the Board may decide. Subject to the provisions of the Statutes, the Company may also issue shares on terms that they are or are liable to be redeemed at the option of the Company or the shareholder on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.

Voting rights

Subject to any rights or restrictions as to voting attached to any shares and to any suspension or abrogation of voting rights pursuant to the Statutes:

- (a) on a vote on a resolution on a show of hands, every member present (not being present by proxy) and entitled to vote on the resolution has one vote and every proxy present who has been duly appointed by a member entitled to vote on the resolution has one vote (save that a proxy who has been appointed by more than one member has one vote for and one vote against if he has been instructed to vote in different ways on the resolution); and
- (b) on a vote on a resolution on a poll, every member who is present in person or by proxy and entitled to vote on the resolution has one vote for every share of which he is the holder.

Unless the Board otherwise decides, no member is entitled in respect of any share held by him to vote on any resolution at a shareholders meeting, either in person or by proxy, if any call or other sum presently payable by him to the Company in respect of that share remains unpaid.

Variation of rights

If at any time the capital is divided into different classes of shares, the rights attached to any class or any of such rights (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 125-127 inclusive of the Companies Act 1985 whether or not the Company is being wound up, be modified, abrogated or varied with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate general meeting the provisions of these Articles relating to General Meetings shall, mutatis mutandis, apply, but so that at every such separate general meeting the quorum shall be two persons at least holding or representing by proxy one third of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll. Provided that if at any adjourned meeting of the holders of any class a quorum as above defined is not present those holders who are present in person or by proxy shall form a quorum. The foregoing provisions of this Article shall apply to the modification variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares

of the class differently treated formed a separate class the special rights whereof are to be modified divided or abrogated.

Transfer of shares

A member may transfer all or any of his shares which are in certificated form by an instrument of transfer in any usual form or common form or in any other form approved by the Board. The instrument of transfer must be signed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee.

The Board may refuse to register the transfer of a share which is not fully paid or on which the Company has a lien provided that, in the case of a class of shares admitted to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may refuse to register a transfer of a certificated share, unless:

- a. the instrument of transfer, duly stamped, is deposited at the Office or such other place as the Directors may appoint, accompanied by the certificate for the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and
- b. the instrument of transfer is in respect of only one class of share

Subject to the above and subject to the transfer restrictions summarised in the paragraph headed "*Suspension of rights attaching to shares*" below, the Articles contain no restrictions on the free transferability of fully paid shares.

Pre-emption rights

There are no pre-emption rights under the Articles in respect of transfers of issued shares or the allotment of new shares.

Section 561 of the Companies Act 2006 confers on holders of Ordinary Shares rights of pre-emption in respect of the allotment by the Company of equity securities (as defined in section 560 of the Act) which are, or are to be, paid up in cash. Under these statutory pre-emption rights, the Company is, subject to certain limited exceptions, required to offer to allot the equity securities concerned to holders of Ordinary Shares on a pro rata basis before allotting them to other persons. These statutory pre-emption rights have been disapplied to the extent set out in resolutions 10 and 11 which were passed at the annual general meeting of the Company held on 4 August 2021.

Suspension of rights attaching to shares

Under section 793 of the Companies Act 2006, the Company may send out a notice (a "**section 793 notice**") to any person whom the Company knows or has reasonable cause to believe to be interested in its shares (or to have been so interested at any time during the preceding three years) asking for information concerning his interest in the shares and information concerning any other interest in the shares of which he is aware.

If a member, or any other person appearing to be interested in shares held by that member, has been served with a section 793 notice and has failed in relation to any shares (the "**default shares**" which expression includes any further shares issued in respect of those shares) to give the Company the information required by the section 793 notice for a period of 28 days from the date of its service, (or where such member or other person is interested in at least 0.25 per cent of the issued shares of that class (calculated exclusive of treasury shares) fourteen days) then (unless the Board otherwise determines) the following sanctions apply:

- (a) that member shall not be entitled to attend or vote at any general meeting of the Company or at any separate meeting of the holders of shares of any class, either personally or by proxy, or to be reckoned in a quorum or to exercise any right or privilege as a member in relation to general meetings or separate meetings of the holders of shares of any class in respect of any shares specified in the default notice.;

- (b) where the default shares represent 0.25 per cent. or more in nominal value of the issued shares of any class of shares of the Company (calculated exclusive of treasury shares):
 - (i) receive payment of any dividend (including shares issued in lieu of dividend) payable in respect of such shares; and
 - (ii) transfer any such shares unless the transfer is an approved transfer as defined in the articles.

Where the sanctions described above apply, they cease to have effect (and any dividend or other money withheld becomes payable) at the expiry of seven days (or such shorter period as the Board may decide) following the earlier of:

- (a) due compliance, to the satisfaction of the Board, with the requirements of the Default Notice; and
- (b) receipt by the Company of notice that such shares have been transferred by means of an approved transfer.

For the purposes of the above, a transfer of shares is an “approved transfer” only if

- (i) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a takeover offer for the Company (as defined in Section 974 of the Companies Act 2006) which relates to such shares; or
- (ii) the Board are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the member and with other persons appearing to be interested in such shares; or
- (iii) the transfer results from a sale made through a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company’s shares are normally traded.

Dividends

Subject to the rights of the holders of any shares entitled to any priority, preference or special privileges, all dividends shall be declared and paid to the Members in proportion to the amounts paid up on the shares held by them respectively. No amount paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. All dividends shall, subject as aforesaid, be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend from a particular date or *pari passu* as regards dividends with a share already issued it shall rank accordingly.

The Directors shall lay before the Company in General Meeting a recommendation as to the amount (if any) which they consider should be paid by way of dividend, and the Company shall declare the dividend to be paid, but such dividend shall not exceed the amount recommended by the Directors. No dividend or interim dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.

The Directors may from time to time pay to the Members, or any class of Members, such interim dividends as appear to the Directors to be justified by the profits of the Company.

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a

member in respect of such shares or shall transfer the same.

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

The Directors may, with the sanction of the Company in General Meeting, distribute in kind among the Members by way of dividend any of the assets of the Company, and in particular any shares or securities of other companies to which this Company is entitled. Provided always that no distribution shall be made which would amount to a reduction of capital except in the manner appointed by law.

Where any asset, business or property is bought by the Company as from a past date at a price fixed wholly by reference to the value of such asset, business or property at the past date and without any addition or reduction in respect of subsequent transactions upon the terms that the Company shall as from that date take the profits and bear the losses thereof, the actual profit or loss as the case may be so accruing to the Company may at the discretion of the Directors be credited or debited wholly or in part to revenue account and in that case the amount so credited or debited shall, for the purpose of ascertaining the fund available for dividend, be treated as a profit or loss arising from the business of the Company and available for dividend accordingly.

Payment by the Directors of any unclaimed dividend or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

Distribution of assets on liquidation

If the Company shall be wound up the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall be applied first, in repaying to the Members the amounts paid up on the shares held by them respectively, and the balance (if any) shall be distributed among the Members in proportion to the number of shares held by them respectively. Provided always that the provisions hereof shall be subject to the rights of the holders of shares (if any) issued upon special conditions

7.4 Shareholder meetings

Annual general meetings

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year, and not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

Calling of general meetings

The Board may call a general meeting whenever it thinks fit. The Board must, on the requirement of members under the Companies Act 2006, call a general.

Notice of general meetings

General meetings must be called by at least such minimum period of notice as is required under the Act which, in the case of an annual general meeting, is 21 clear days' notice and, in the case of other general meetings, is 14 clear days' notice. Notice of the meeting must be given to the members (other than any members who, under the Articles or by virtue of any restrictions imposed on any shares, are not entitled to receive notice from the Company), the Directors and the auditors of the Company. The accidental omission to send notice of a general meeting to any person entitled to receive it does not invalidate the proceedings of the meeting.

Every notice of a general meeting must specify: (i) the time, date and place of the meeting; (ii) (in the case of an annual general meeting) that the meeting is an annual general meeting; (iii) the general nature of the business to be transacted at the meeting; and (iv) any intention

to propose a resolution as a special resolution. In addition, the notice must specify, with reasonable prominence, that a member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting, that a member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to different shares and that a proxy need not be a member.

Quorum

No business is to be transacted at any general meeting unless a quorum is present. The quorum for a general meeting is two members present in person or by proxy and entitled to vote on the business to be transacted at the meeting.

Method of voting

At any general meeting, a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result on a show of hands) a poll is demanded in accordance with the Articles.

7.5 Directors

Number and appointment of Directors

Unless and until the Company in General Meeting shall otherwise determine, the number of Directors shall be not less than two nor more than ten. Directors may be appointed by the Company by ordinary resolution or by the Board, in each case either to fill a casual vacancy or as an addition to the existing Board.

Retirement of Directors

At the Annual General Meeting in every year one-third of the Directors (excluding the Managing Director), for the time being, or if their number is not three or a multiple of three then the number nearest to one-third, shall retire from office, the Directors to retire in each year being those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election

Removal of a Director by resolution of the Company

In addition to any power of removal conferred by the Act, the Company may by ordinary resolution remove any Director from office and appoint another person in place of a Director so removed.

Vacation of office

The Articles provide for the office of a Director to be vacated in the following circumstances:

- (a) becomes bankrupt or insolvent or compounds with his creditors generally,
- (b) becomes of unsound mind,
- (c) ceases to be a Director by virtue of any provision of the Statutes or becomes prohibited by law from being a director,
- (d) is convicted of an indictable offence (not being an offence which, in the opinion of the Directors, does not affect his character or position as a Director of the Company),
- (e) is absent from meetings of the Directors for a period of six months without leave expressed by a resolution of the Directors and the Directors resolve that his office be vacated,
- (f) gives the Company one month's notice in writing that he resigns his office, but this

paragraph shall not apply to a Managing Director holding office as such for a fixed term,

- (g) is removed from office by Ordinary Resolution, of which special notice has been given in accordance with Section 312 of the 2006 Act.

Alternate directors

Any Director may appoint any person to be his alternate and may remove any alternate appointed by him. The appointment requires the approval of the Board.

Directors' remuneration and expenses

The fees of the Directors shall be such sums as may from time to time be determined by the Company in General Meeting and such fees shall be divided amongst the Directors as they shall agree or in default of agreement equally. The Directors may also be paid by way of additional fees such further sums as the Company in General Meeting may from time to time determine, and any such additional fees shall be divided among the Directors as they shall agree or in default of agreement equally.

Each Director is entitled to be repaid all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or of any committee of the Directors or General Meetings, or otherwise in or about the business of the Company.

Pensions and other benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) to or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings, members of his family and his dependants.

The Board may also exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of, amongst other persons, any past or present director of the Company or any of its subsidiary undertakings.

Borrowing powers

The Board may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Proceedings of the Directors

Subject to the provisions of the Articles, the Board may regulate its proceedings as it thinks fit. The quorum necessary for the transaction of business may be determined by the Board and, unless so determined at any other number, shall be two. A duly convened meeting of the Board at which a quorum is present is competent to exercise all or any of the powers, authorities and discretions vested in or exercisable by the Board. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting has a second or casting vote.

A resolution in writing signed by all the Directors who would have been entitled to vote on the resolution at a meeting of the Board (provided that those Directors would have formed a quorum at such a meeting) is as valid and effective as a resolution duly passed at a meeting of the Board.

Directors' conflicts of interest

The Board may authorise any situation or matter in which a Director (an "**Interested Director**") has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company and which would, if not so authorised, result in the Interested Director being in breach of his statutory duty to avoid conflicts of interest. An

Interested Director seeking authorisation of a conflict of interest must declare to the Board the nature and extent of his interest giving rise to the conflict as soon as reasonably practicable. An Interested Director must not be counted in the quorum or vote in respect of any resolution of the Board giving such authorisation.

Where the Board authorises a situation or matter, it may impose on the Interested Director such terms for the purpose of dealing with the conflict of interest as the Board may determine.

Permitted interests of Directors

A Director, notwithstanding his office, may:

- (c) be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is directly or indirectly interested;
- (d) hold any other office or place of profit with the Company (except that of auditor) in conjunction with the office of Director or act by himself or through a firm with which he is associated in a professional capacity for the Company or anybody corporate in which the Company is directly or indirectly interested (otherwise than as auditor);
- (e) be or continue or may become a Director or other officer or servant of, or otherwise interested in, any other company promoted by the Company or in which the Company may be in any way interested and shall not (in the absence of agreement to the contrary) be liable to account to the Company for any emoluments or other benefits received or receivable by him as director, or officer or servant of, or from his interest in, such other company

A Director who to his knowledge is in any way, whether directly or indirectly, interested in any contract or arrangement or proposed contract or arrangement shall declare the nature of his interest at a meeting of the Directors in accordance with the provisions of this Article.

Directors not liable to account

A Director is not liable to account to the Company for any remuneration, profit or other benefit which he derives from any transaction or arrangement or from any office, employment, position or relationship or from any interest in any body corporate if the relevant matter has been authorised by the Board (subject, in any such case, to the terms of such authorisation) or is permitted under the Articles.

No transaction or arrangement is liable to be avoided on the grounds that a Director has an interest in it (or derives a benefit from it) if the interest has been authorised by the Board or is permitted under the Articles.

Restrictions on voting by Directors

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

- (a) The giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its Subsidiaries.
- (b) The giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its Subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving

of security.

- (c) Any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its Subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof.
- (d) Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances).
- (e) Any proposal relating to an arrangement for the benefit of the employees of the company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates.
- (f) Any proposal concerning insurance which the company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.

If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

Indemnification of Directors

Subject to the Statutes, but without prejudice to any indemnity to which a Director may otherwise be entitled, each Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a director or other officer of the Company or any Relevant Company (as defined below) or any company that is a trustee of an occupational pension scheme (as defined in section 235(6) of the 2006 Act) in the actual or purported execution and/or discharge of his duties, or in relation thereto including any liability incurred by him in defending any civil or criminal proceedings, in which Judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs.

The Company may buy and maintain insurance against any liability falling upon its Directors or other officers.

For the purpose of this Article, "Relevant Company" means the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any Subsidiary of the Company or of such other body.

The above is a summary only of certain provisions of the Articles. The full provisions of the Articles are available on the Company's website at <http://www.cmlmicroplc.com>.

Other relevant laws and regulations

7.6 **Disclosure and Transparency Rules**

Under Chapter 5 of the Disclosure and Transparency Rules, a person must notify the Company of the percentage of its voting rights he holds as shareholder or through his direct or indirect holding of certain financial instruments (or a combination of such holdings) if the percentage of those voting rights:

- (a) reaches, exceeds or falls below 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent., 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. as a result of an acquisition or disposal of shares or such financial instruments; or
- (b) reaches, exceeds or falls below an applicable threshold in (a) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with the Disclosure and Transparency Rules.

7.7 **Public takeover bids**

(a) *Takeover Code*

The Company is a public limited company incorporated and centrally managed and controlled in the UK. Accordingly, the Takeover Code applies to the Company and will, amongst other things, regulate any takeover offer for the Company and any other transaction which has its objective or potential effect (directly or indirectly) obtaining or consolidating control of the Company. For this purpose, control is defined as an interest or interests in shares carrying more than 30 per cent. of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

(b) *Mandatory bids*

Under Rule 9 of the Takeover Code, if an acquisition of an interest in shares in the Company were to increase the aggregate interests of the acquirer and persons acting in concert with it to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, the persons acting in concert with it would be required (except with the consent of the Takeover Panel) to make an offer for the outstanding shares in the Company. Any such offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the acquirer or any person acting in concert with it for an interest in shares in the Company during the previous 12 months.

A similar obligation to make a mandatory cash offer would also arise on an acquisition of an interest in shares in the Company by a person who (together with persons acting in concert with it) is interested in shares which in the aggregate carry between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of the acquisition were to increase the percentage of shares carrying voting rights in the Company in which that person is interested.

(c) *Squeeze-out rules*

Under the Act, if a takeover offer (as defined in section 974 of the Act) is made for the Company's shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates (the "**offer shares**") and not less than 90 per cent. of the voting rights carried by the offer shares, the offeror would then be able to acquire compulsorily the remainder of the offer shares. In order to do so, the offeror must send a notice to each holder of outstanding offer shares notifying him that it desires to acquire his shares and, at the end of six weeks from the date of such notices, the offeror must send copies of the notices to the Company accompanied by instruments of transfer in respect of the outstanding offer shares executed on behalf of the holders of those shares by a person appointed by the offeror. At the same time, the offeror must pay or transfer the consideration for the outstanding offer shares to the Company which is required to hold the consideration on trust for the holders of such shares.

(d) *Sell-out rules*

The Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If the takeover offer relates to all the shares in the Company and, at any time before the end of the period within which the offer can be accepted, the offeror holds or has agreed to acquire not less than 90 per cent. of the Company's shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require the offeror to acquire those shares. The offeror is required to give any shareholder who has not accepted the offer notice of his right to be bought out within one month of that right arising. The rights of minority shareholders to be bought out cannot be exercised after the expiry of three months from the end of the period within which the offer can be accepted or, if later, the date of the notice given by the offeror. If a shareholder exercises his rights to be bought out, the offeror is entitled and bound to acquire the relevant shares on the terms of the offer or on such other terms as may be agreed.

8. MATERIAL CONTRACTS

In addition to those contracts that are disclosed in the Public Record, the Company and its subsidiary undertakings (the "**Group**") have entered into the following material contracts in the two years preceding this Appendix:

8.1 Nominated Adviser & Broker Engagement Letter

On 27 May 2021, the Company entered into an engagement letter with Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited under which they agreed to act, respectively, as nominated adviser and joint broker to the Company with effect from Admission.

8.2 Financial Adviser Agreement

On 19 April 2021, the Company entered into an agreement with SCC, pursuant which the Company appointed SCC to act as its Financial Adviser in connection with the cancellation of its listing on the standard listing segment of the Official List and to trading on the Main Market of the London Stock Exchange and its application for admission to trading on AIM, and conferred on SCC all powers and authorities which may be reasonably necessary in connection with the performance of its duties.

8.3 Engagement Letter with Acuity Advisors LLP relating to Hyperstone

On 15 November 2019, the Company entered into an engagement letter with Acuity Advisors LLP, pursuant to which Acuity Advisors LLP agreed to act as advisers to the Company in relation to the sale of its storage division.

8.4 Share Purchase Agreement relating to Hyperstone

On 9 December 2020, the Group entered into a share purchase agreement (the "**Hyperstone SPA**") with SCUR-Alpha 1239 GmbH, a part of the Swissbit group (the "**Buyer**"), pursuant to which the Group sold its Hyperstone storage division to the Buyer for US\$49 million in cash.

8.5 IP Licence Agreement relating to Hyperstone

Pursuant to the Hyperstone SPA, the Group and the Buyer entered into an intellectual property licence agreement (the "**IP Licence**") on 4 February 2021. Under the IP Licence, the Company and the Buyer granted each other a licence to use their respective unregistered intellectual property rights to the extent set out in the IP Licence.

8.6 Transitional Services Agreement relating to Hyperstone

Pursuant to the Hyperstone SPA, the Group and the Buyer entered into a transitional services agreement on 4 February 2021, under which the Group agreed to provide certain administrative, support and IT services to the Buyer from 9 December 2020 to 15 May 2021.

8.7 Share Purchase Agreement relating to Plextek RFI Limited

On 3 March 2020, the Company entered into a share purchase agreement with the owners of the shares of Plextek RFI Ltd (“**Plextek**”), pursuant to which the Company acquired 100% of the issued share capital of Plextek for a total consideration of £1.9 million, payable in cash and from issuing treasury shares.

9. DIVIDEND POLICY

Details of dividends declared by the Company are disclosed in the Public Record. The declaration and payment by the Company of any dividends in the future and the amount thereof will depend on the results of the Group's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

10. TAXATION

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. The following statements are based on current UK tax legislation and, what is understood to be, the current HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time, possibly with retroactive or retrospective effect. They apply only to Shareholders who are resident (and, in the case of individual Shareholders, domiciled) for UK tax purposes in (and only in) the UK, who hold their Ordinary Shares as an investment (other than under tax exempt arrangements such as individual savings accounts), and who are the absolute beneficial owners of both their Ordinary Shares and any dividends paid on them.

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme.

Any person who is in any doubt about his or her position should contact their professional adviser on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

10.1 *Taxation of dividends*

Under current UK tax legislation, the Company will not be required to withhold tax when paying a dividend (whether in cash or in the form of a stock dividend).

A Shareholder's liability to tax on dividends will depend on the individual circumstances of the Shareholder.

(a) *UK tax resident individual Shareholders*

UK resident individual Shareholders have the benefit of an annual dividend allowance of £2,000. Dividends falling within this allowance will effectively be taxed at the rate of 0 per cent., but such dividends will still count as taxable income when determining how much of the basic rate band or higher rate band has been used.

Dividend income in excess of the annual dividend allowance (taking account of any other dividend income received by the Shareholder in the same tax year) will be taxed at the following rates for the fiscal period ended 5 April 2022: 7.5 per cent. to the extent it falls below the threshold for higher rate income tax; 32.5 per cent. to the extent that it falls above the threshold for higher rate income tax and below the additional rate band; and 38.1 per cent. to the extent that it falls above the threshold for the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which would (if there was no nil rate amount) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

(b) *UK discretionary trustees*

The annual dividend allowance is not available to UK resident trustees of a discretionary trust. UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., which mirrors the dividend additional rate.

(c) *UK tax resident corporate Shareholders*

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 (subject to anti-avoidance rules and provided all conditions are met). It is anticipated that dividends should fall within one of such exempt classes but shareholders should seek independent advice to confirm their position (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not met, or cease to be satisfied, or such a corporate Shareholder elects for an otherwise exempt dividend to be taxable, then the corporate Shareholder will be subject to UK corporation tax on dividends received from the Company at the current rate of 19 per cent. (noting that the UK corporation tax rate is due to increase to 25 per cent. with effect from 1 April 2023).

10.2 *Taxation of chargeable gains*

The amount paid for the Ordinary Shares will generally constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on the relevant shareholder's circumstances, give rise to a liability to UK taxation on chargeable gains.

(a) *UK tax resident individual Shareholders*

Where a UK resident individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any other available reliefs, such as capital losses.

For individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are within the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the income tax basic rate band, capital gains tax will be charged at 20 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

(b) *UK tax resident corporate Shareholders*

Where a Shareholder is within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss), depending on the circumstances and subject to any available exemption or relief.

The corporation tax rate applicable to a UK resident corporate Shareholder on such taxable gains is currently 19 per cent. (noting that the UK corporation tax rate is due to increase to 25 per cent. with effect from 1 April 2023).

10.3 *Transactions in securities*

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel 'tax advantages' derived from certain prescribed 'transactions in securities'.

10.4 *Stamp duty and Stamp Duty Reserve Tax*

An exemption from stamp duty and stamp duty reserve tax came into effect on 28 April 2014 in respect of securities admitted to trading on certain recognised growth markets (presently including AIM) and which are not listed on a Recognised Stock Exchange.

The Company anticipates that this exemption will apply to dealings in the Ordinary Shares such that from Admission, no liability to stamp duty or stamp duty reserve tax should arise in respect of any transfer on sale of the Ordinary Shares.

Absent an exemption from stamp duty and stamp duty reserve tax, any dealings in Ordinary Shares will normally be subject to stamp duty or stamp duty reserve tax. In such circumstances, stamp duty or stamp duty reserve tax could be payable at the rate of 0.5 per cent. (rounded up to the next multiple of £5, if necessary) of the amount or value of the consideration given by the purchaser, subject to de minimis limit and relevant anti-avoidance provisions.

The above comments are intended as a guide to the general stamp duty and stamp duty reserve tax position. Certain categories of person are not liable to stamp duty or stamp duty reserve tax and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

10.5 *Inheritance Tax*

Individual and trustee Shareholders may be liable on occasions to inheritance tax ("**IHT**") on the value of any Ordinary Shares held by them. Under current law, the primary occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder (which will also be brought into account when calculating the IHT on the death of the Shareholder), and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances. Additionally, for Ordinary Shares held in trust, an occasion of charge can also occur at every 10-year anniversary of the trust and at the point of the settlor's death where certain anti-avoidance provisions apply.

A relief from IHT known as business property relief ("**BPR**") may apply to ordinary shares in trading companies. BPR operates by reducing the value of shares by 100 per cent. for IHT purposes which means that there will be no IHT to pay.

BPR may be available in relation to Ordinary Shares in the Company, subject to conditions being met by the Shareholder(s) and the Company itself, including over the holding period of qualifying business assets. Shares may qualify for BPR notwithstanding that they will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). However, in some cases the shares may qualify for BPR, but the Company may hold certain assets, for example investment assets, the value of which is excluded for the purposes of applying BPR and therefore that value would be subject to IHT on a chargeable event subject to any other available reliefs.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK IHT and an equivalent tax in another country.

This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the company. The summary of certain UK tax issues is based on the laws and regulations in force as at the date of this document and may be subject to any changes in UK laws occurring after such date. Professional advice should be taken with regard to individual circumstances. Any person who is in any doubt as to their tax position or where they are resident, or otherwise subject to taxation, in a jurisdiction other than the UK, should consult their professional adviser.

11. LEGAL AND ARBITRATION PROCEEDINGS

Neither the Company nor any member of its Group is or has been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period of 12 months preceding the date of this document which may have, or have had in the recent past significant effects on the Company's and/or its Group's financial position or profitability.

12. PATENTS AND INTELLECTUAL PROPERTY RIGHTS

There are no patents or other intellectual property rights, licences or particular industrial, commercial or financial contracts or new manufacturing processes that are of fundamental importance to the Group's business or profitability.

13. GENERAL

No person (excluding professional advisers otherwise disclosed in this document or the Public Record and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or has entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

- (a) fees totalling £10,000 or more;
- (b) securities in the Company with a value of £10,000 or more calculated by reference to the issue price; or
- (c) any other benefit with a value of £10,000 or more at the date of Admission.

14. WORKING CAPITAL

The directors have no reason to believe that the working capital available to the Group will be insufficient for at least twelve months from the date of Admission.

15. NO SIGNIFICANT CHANGE

Save as disclosed in this document, there has been no significant change in the financial position or financial performance of the Group since 31 March 2021.

Date: 5 August 2021