

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker, solicitor, accountant or other professional adviser or other independent adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in DFS Furniture plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass the documents to the person who now holds the shares.



**DFS Furniture plc**

**Notice of Annual General Meeting**

**Friday 13 November 2020 at 2.30pm**

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of DFS Furniture plc set out on pages 2 to 3 of this document which contains the recommendation by the Directors to Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting. Shareholders should read the whole of this document and not rely just on the summarised information set out in the Letter from the Chairman.

Notice of the Annual General Meeting of the Company to be held at 2.30pm on 13 November 2020 at DFS Group Support Centre, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA is set out on pages 4 to 6 of this document. Shareholders will also find enclosed with this document a form of proxy to use in connection with the Annual General Meeting.

To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company's registrars, Equiniti, by no later than 2.30pm on 11 November 2020. You may appoint a proxy in CREST by completing and transmitting a CREST proxy instruction to Equiniti so that it is received by no later than 2.30pm on 11 November 2020. The form of proxy can be delivered by post or by hand to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. With regards to attendance and voting at the Annual General Meeting, your attention is specifically drawn to the section "Impact of Covid-19" in the Letter from the Chairman which details the manner in which the Annual General Meeting will be run. Further instructions relating to the form of proxy are set out in the notice of the Annual General Meeting.

## Letter from the Chair

15 October 2020

**Dear Shareholder**

### Annual General Meeting

I am pleased to give you notice of DFS Furniture plc's Annual General Meeting ("**AGM**") which will be held at 2.30pm on Friday 13 November 2020 at DFS Group Support Centre, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA.

### Impact of Covid-19

In light of the measures currently in place in the United Kingdom in response to the Covid-19 pandemic and DFS' commitment to health and safety, it is with regret that we will be unable to hold this year's AGM in the usual way.

In response to the Covid-19 pandemic, the UK Government passed the Corporate Insolvency and Governance Act 2020 on 26 June 2020 (the "CIG Act"), which, amongst other things, provided companies with temporary flexibility with regards to the holding of shareholder meetings. Initially the provisions under the CIG Act were due to expire on 30 September, but by statutory instrument made on 23 September 2020, such measures will continue to be in full force and effect until 30 December 2020.

The Directors continue to closely monitor the evolving Covid-19 situation and the related guidelines prepared by the UK Government, including in relation to their potential impact on attendance at the AGM. Whilst the Directors value the opportunity to meet and engage with shareholders in person, UK Government "stay alert" measures and related advice continues to stress the importance of avoiding mass gatherings and limiting social contact. For these reasons, at this time the Directors feel that it is appropriate to utilise the provisions under the CIG Act such that the AGM is conducted as a closed meeting and we respectfully ask that all shareholders submit proxy votes in accordance with the instructions contained in this notice. Any updates on the arrangements for the AGM will be made available at <https://www.dfscorporate.co.uk> and shareholders are encouraged to monitor the website for any changes.

Accordingly, **we advise that shareholders will not be permitted to attend the meeting**. In addition, the Directors strongly encourage shareholders to vote by appointing the Chairman of the meeting as their proxy by submitting a proxy appointment in accordance with the instructions on the proxy form. The results of the AGM will be announced as soon as practicable following the AGM.

Despite these exceptional circumstances, the Directors are keen to maintain engagement with shareholders. To facilitate this, shareholders are invited to submit questions electronically in advance of the meeting – please see Note 16 to the formal Notice of AGM for more details.

### Further details of the AGM

The formal Notice of AGM and the resolutions to be proposed at the AGM are set out on pages 4 to 6 of this document. The following is a brief summary of the items of business:

- **Resolution 1** relates to the receiving of the reports and accounts for the 52 weeks ended 28 June 2020.
- **Resolution 2** relates to the approval of the Directors' Remuneration Report which is set out in the Annual Report.
- **Resolutions 3 to 9** relate to the re-election/election of the Directors in accordance with the Company's Articles of Association and the UK Corporate Governance Code.
- **Resolutions 10 and 11** relate to the re-appointment of auditors and authorise the Audit Committee to set their fees.
- **Resolutions 12 to 18** relate to the share capital of the Company, as explained in more detail below.
- **Resolution 19** relates to the ability of the Directors to call general meetings on 14 days' notice, as explained in more detail below.

Resolutions 12 and 13 relate to the nominal value of the Company's shares. The Company currently has an unusually high nominal value of £1.50 per existing ordinary share (each an "**Existing Ordinary Share**"). In recent months, ongoing volatility in the financial markets as a result of the Covid-19 crisis has seen the Company's share price fluctuate at levels both above and below the nominal value of £1.50.

Under the Companies Act 2006, it is not permissible for a company to issue shares at a discount to their nominal value. In order to provide the Company with additional flexibility in the future, therefore, Resolution 12 proposes that the Company carry out a share subdivision, through which each Existing Ordinary Share in issue at the close of business on the date of the Annual General Meeting will be subdivided into one new ordinary share of £0.10 in the Company (a "**New Ordinary Share**") and one deferred share of £1.40 in the Company (a "**Deferred Share**"). Each ordinary shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged as a result of the share subdivision, as will the number of ordinary shares held by each ordinary shareholder. Resolution 13 relates to the terms of the Deferred Shares to be issued as a result of the share subdivision proposed in Resolution 12. The Deferred Shares will have no voting or dividend rights and on a return of capital on a winding-up of the Company, the Deferred Shares will have the right to receive the amount paid up thereon only after ordinary shareholders have received, in aggregate, any amounts paid up on their ordinary shares plus £10 million per ordinary share.

Resolution 14 seeks shareholder approval in order to authorise the Directors, for the purposes of section 551 of the Companies Act 2006, to allot shares or grant rights to subscribe for or convert any securities into shares up to an aggregate nominal amount of (i) £255,370,247 (if Resolution 12 is not passed) or (ii) £17,024,683 (if Resolution 12 is passed). In the case of (i), this represents the aggregate of two thirds of the nominal value of the Existing Ordinary Shares in issue, excluding treasury shares, as at 28 September 2020, being the last practicable date before publication of this Notice. In the case of (ii), this represents the aggregate of two thirds of the nominal value of the New Ordinary Shares, excluding treasury shares, as at the same date (assuming, for this purpose only, that the share subdivision described in Resolution 12 was effected on that date).

Resolutions 15 and 16 seek shareholder approval in order to authorise the Directors, for the purpose of section 570 of the Companies Act 2006, to allot shares for cash, or sell treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply. Resolution 15 seeks a general authority to disapply pre-emption rights on the allotment of shares representing five per cent of the total issued share capital of the Company, excluding treasury shares, as at 28 September 2020, being the last practicable date before publication of this Notice (and if Resolution 12 is passed, assuming, for this purpose only, that the share subdivision was effected on that date). In accordance with best practice, Resolution 16 seeks separate and additional authority to disapply pre-emption rights for the allotment of shares representing a further five per cent of issued share capital, on the same basis and also excluding treasury shares, as at 28 September 2020, being the last practicable date before publication of this Notice, in connection with an acquisition or other capital investment.

Resolution 17 seeks shareholder approval in order to authorise the Directors, for the purposes of section 701 of the Companies Act 2006, to make market purchases of the New Ordinary Shares (if Resolution 12 is passed) or Existing Ordinary Shares (if Resolution 12 is not passed), in each case up to a maximum number of 25,537,024 shares. This represents ten per cent of the total issued share capital of the Company, excluding treasury shares, as at 28 September 2020, being the last practicable date before publication of this Notice (and if Resolution 12 is passed, assuming, for this purpose only, that the share subdivision was effected on that date).

Resolution 18 proposes that, conditional upon the passing of Resolutions 12 and 13, the Company is authorised to make an off market purchase of its Deferred Shares in accordance with the terms of (i) the Deferred Shares and (ii) the share purchase agreement made available to shareholders pursuant to section 696(2) of the Companies Act 2006. The Company intends to take steps to buy back and cancel the Deferred Shares following the Annual General Meeting.

Resolution 19 seeks shareholder approval to allow the Directors to call general meetings (other than annual general meetings) on 14 days' notice provided that facilities are available to shareholders to vote by electronic means for meetings called on such notice. The Company will not use such authority as a matter of routine, and only in circumstances where the flexibility is merited by the business of the meeting or where it would be to the advantage of the members as a whole, and moreover where the proposals are not of a complexity that might require more time for consideration by members.

Fuller explanations of the resolutions that we will be proposing are set out in the Explanation of Resolutions section on pages 11 to 13.

The business of the meeting will be conducted on a poll. I would encourage shareholders to exercise their right to vote in the following ways:

- If you will be attending the AGM, please bring the attendance card enclosed with your Proxy Form to the AGM.
- If you are not able to attend the AGM in person, you can cast your votes by proxy by completing the enclosed Proxy Form and returning it to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Alternatively, you can vote using the internet at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the relevant reference numbers printed on your Proxy Form. Completion and return of the Proxy Form will not prevent shareholders from attending in person and voting at the meeting should you subsequently decide to do so.
- CREST members may use the CREST electronic proxy appointment service to submit their proxy appointment in respect of the AGM as detailed in the Notes to the Notice of AGM on pages 7 to 10.
- Please note that all Proxy Forms and appointments, whether postal or electronic, must be received by 2.30pm on 11 November 2020.

The results of voting on the resolutions will be published on the Company's corporate website, [www.dfscorporate.co.uk](http://www.dfscorporate.co.uk), as soon as practicable following the conclusion of the AGM.

### Recommendation

In the opinion of the Directors, each of the resolutions to be proposed at the AGM are in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors of the Company recommend that shareholders vote in favour of the resolutions at the AGM, as the Directors intend to do in respect of their own beneficial holdings of ordinary shares, which amount to 0.24% of the voting rights, as at 28 September 2020, being the last practicable date before publication of this Notice.

If I am appointed as proxy I will, of course, vote in accordance with any instructions given to me. If I am given discretion as to how to vote, I will vote in favour of each of the resolutions to be proposed at the AGM.

Yours faithfully

### Ian Durant

Non-Executive Chairman  
DFS Furniture plc

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of DFS Furniture plc will be held at 2.30pm on Friday 13 November 2020 at DFS Group Support Centre, 1 Rockingham Way, Redhouse Interchange, Doncaster, DN6 7NA to consider and, if thought appropriate, pass the following resolutions of which resolutions 1 to 14 will be proposed as ordinary resolutions and resolutions 15 to 19 will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

#### Reports and Accounts

1. THAT the Company's financial statements for the 52 weeks ended 28 June 2020, together with the Director's report, Strategic report and the Independent Auditor's report on those accounts, be received.

#### Directors' Remuneration

2. THAT the Annual Remuneration Report section of the Directors' Remuneration Report for the 52 weeks ended 28 June 2020, set out on pages 84 to 105 of the Annual Report be approved.

#### Directors

##### Non-independent Directors

3. THAT Tim Stacey be re-elected as a Director of the Company.
4. THAT Mike Schmidt be re-elected as a Director of the Company.

##### Independent Non-Executive Directors

5. THAT Ian Durant be re-elected as a Director of the Company.
6. THAT Alison Hutchinson be re-elected as a Director of the Company.
7. THAT Jo Boydell be re-elected as a Director of the Company.
8. THAT Steve Johnson be re-elected as a Director of the Company.
9. THAT Jane Bednall be elected as a Director of the Company.

#### Auditors

10. THAT KPMG LLP be re-appointed as the Company's auditor to hold office from the conclusion of the Annual General Meeting on 13 November 2020 until the conclusion of the next meeting at which accounts are laid before the Company.
11. THAT the Audit Committee be authorised to agree the remuneration of the auditor.

#### Directors' authority to sub-divide ordinary shares

12. THAT, conditional on the passing of Resolution 13, each of the ordinary shares of £1.50 each in the capital of the Company in issue at the close of business on the date of this meeting (or such other time and date as the Directors may determine) be sub-divided into one ordinary share of £0.10 in the capital of the Company, having the same rights and being subject to the same restrictions in all respects as the existing ordinary shares of £1.50 each in the capital of the Company (save as to nominal value) and one deferred share of £1.40 in the capital of the Company, having the rights and being subject to the restrictions set out in Resolution 13 below.

#### Deferred shares

13. THAT, conditional on the passing of Resolution 12, the deferred shares of £1.40 in the capital of the Company shall confer on the holder such rights, and shall be subject to the restrictions, as follows:
  - (a) a deferred share:
    - (i) does not entitle its holder to receive any dividend or distribution declared, made or paid or any return of capital (save as provided in (a)(ii) below) and does not entitle its holder to any further or other right of participation in the assets of the Company;
    - (ii) entitles its holder to participate on a return of assets on a winding-up of the Company, such entitlement to be limited to the repayment of the amount paid up or credited as paid up on such share and shall be paid only after the holders of any and all ordinary shares then in issue have received (1) payment in respect of such amount as is paid up or credited as paid up on those ordinary shares held by them at that time, plus (2) the payment in cash or in specie of £10,000,000 on each such ordinary share;
    - (iii) does not entitle its holder to receive a share certificate in respect of his or her shareholding, save as required by law;
    - (iv) does not entitle its holder to receive notice of, nor attend, speak or vote at any general meeting of the Company; and
    - (v) shall not be transferrable at any time other than with the prior written consent of the Directors of the Company.
  - (b) The Company may at its option and is irrevocably authorised at any time after the creation of the deferred shares to:
    - (i) appoint any person to act on behalf of any or all holders of a deferred share, without obtaining the sanction of the holders, to transfer any or all of such deferred shares held by such holder(s) for nil consideration to any person appointed by the directors of the Company; and
    - (ii) without obtaining the sanction of the holder(s), but subject to the Companies Act 2006, purchase any or all of the deferred shares then in issue and to appoint any person to act on behalf of all holders of deferred shares to transfer and execute a contract of sale and a transfer of all the deferred shares to the Company for an aggregate consideration of £0.01 payable to one of the holders of deferred shares to be selected by lot (who shall not be required to account to the holders of the other deferred shares in respect of such consideration).

- (c) Any offer by the Company to purchase the deferred shares may be made by the Directors of the Company depositing at the registered office of the Company a notice addressed to such person as the Directors shall have nominated on behalf of the holders of the deferred shares.
- (d) The Company shall have the irrevocable authority to authorise and instruct a single holder or any other person on behalf of all holders of deferred shares to exercise any vote to which holders of deferred shares may be entitled by law or in any other circumstances or for any other matter connected to the deferred shares.
- (e) The rights attached to the deferred shares shall not be deemed to be varied or abrogated by the creation or issue of any new shares ranking in priority to or *pari passu* with or subsequent to such shares, any amendment or variation of the rights of any other class of shares of the Company, the Company reducing its share capital or share premium account or the surrender, cancellation, redemption or purchase of any share, whether a deferred share or otherwise.
- (f) The Company shall have the irrevocable authority to cancel any deferred share without making any payment to the holder and such cancellation shall not be deemed to be a variation or abrogation of the rights attaching to such deferred share.

Such rights and restrictions in (a) - (f) above attaching to the deferred shares shall apply to the deferred shares as if they were set out in the Company's Articles of Association.

### Directors' authority to allot shares

14. THAT the Directors be and are hereby authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006):

- (a) up to a nominal amount of £127,685,124 (if Resolution 12 is not passed) or £8,512,341 (if Resolution 12 is passed); and
- (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £255,370,247 (if Resolution 12 is not passed) or £17,024,683 (if Resolution 12 is passed) (and in either case such amount to be reduced by any allotments made under paragraph (a) above) in connection with an offer by way of a rights issue:
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary.

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter.

The authorities conferred on the Directors to allot securities under paragraph (a) and (b) will expire on the date of the Company's next annual general meeting, or on 24 February 2022, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

## SPECIAL RESOLUTIONS

### General authority to disapply pre-emption rights

15 THAT, subject to the passing of Resolution 14 above, the Directors be and are hereby authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such power be limited:

- (a) to the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 14, by way of a rights issue only):
  - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii) to holders of other equity securities as required by the rights of those securities or, as the directors otherwise consider necessary.

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter; and

- (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £19,152,768 (if Resolution 12 is not passed) or £1,276,851 (if Resolution 12 is passed),

such authority to expire at the conclusion of the Company's next annual general meeting or on 24 February 2022, whichever is sooner (unless previously revoked or varied by the Company in general meeting), but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

## Notice of Annual General Meeting continued

### Additional authority to disapply pre-emption rights for purposes of acquisitions or capital investments

16. THAT, if Resolution 14 is passed, the Directors be authorised in addition to any authority granted under Resolution 15 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/ or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be:

- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £25,537,024 (if Resolution 12 is not passed) or £1,276,851 (if Resolution 12 is passed); and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the Company's next annual general meeting or on 24 February 2022 whichever is sooner (unless previously revoked or varied by the Company in general meeting), but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

### Authority to purchase own shares

17. THAT the Company be and is hereby authorised generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £1.50 each in the capital of the Company (if Resolution 12 is not passed) or of ordinary shares of £0.10 each in the capital of the Company (if Resolution 12 is passed) provided that:

- (a) The maximum aggregate number of ordinary shares that may be purchased is £25,537,024.
- (b) The minimum price (excluding expenses) which may be paid for each ordinary share is £0.10.
- (c) The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
  - (i) 105% of the average of the middle market quotations for the Company's ordinary shares as derived from the London Stock Exchange's Daily Official List for the five business days prior to the day the purchase is made; and
  - (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:
    - the last independent trade of; and
    - the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.

The authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting or on 24 February 2022, whichever is sooner, save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares under the authority conferred by this resolution which will or may be executed wholly or partly after the expiry of such authority.

### Authority to purchase deferred shares

18. THAT, subject to and conditional upon the passing of Resolutions 12 and 13, the Company be authorised for the purposes of section 694 of the Companies Act 2006 to make an off market purchase (as defined in section 693(2) of the Companies Act 2006) of its deferred shares of £1.40 each in accordance with the terms of (i) the deferred shares as detailed in Resolution 13 above and (ii) the share purchase agreement made available to shareholders pursuant to section 696(2) of the Companies Act 2006; with such authorisation to apply until 13 November 2025.

### Notice of general meetings

19. THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice, provided that facilities are available to shareholders to vote by electronic means for meetings called at such notice.

By order of the Board of Directors

#### Elizabeth McDonald

Group Company Secretary  
DFS Furniture plc  
15 October 2020

Registered Office  
DFS Furniture plc  
1 Rockingham Way  
Redhouse Interchange  
Adwick-le-Street  
Doncaster  
DN6 7NA

Registered in England and Wales No. 07236769

## Notes to the Notice of Annual General Meeting

### Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at 6.30pm on 11 November 2020, or, if this meeting is adjourned, at 6.30pm on the day which is two days prior to the adjourned meeting, shall be entitled to attend and vote at the Annual General Meeting ("**AGM**"). Changes to the register of members after this deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. In accordance with the Corporate Insolvency and Governance Act 2020 dated 26 June 2020, as amended, and the latest Covid-19 "stay alert" measures issued by the UK Government which aim to avoid mass gatherings and limit social contact, we advise that shareholders will not be permitted to attend the Annual General Meeting ("AGM") and attendance will be limited to a bare quorum of two officers or employees of the Company.
2. Only those shareholders registered in the Company's register of members at 6.30pm on 11 November 2020, or, if this meeting is adjourned, at 6.30pm on the day which is two days prior to the adjourned meeting, shall be entitled to vote at the AGM. Changes to the register of members after this deadline shall be disregarded in determining the rights of any person to vote at the meeting.

### Appointment of proxies

3. If you are a shareholder who is entitled to vote at the AGM, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Proxy Form with this notice of meeting. You can only appoint a proxy using the procedures set out in these Notes and the Notes to the Proxy Form. In light of the decision to hold the AGM as a closed meeting due to the Covid-19 "stay alert" measures, proxies (other than the Chairman of the meeting) will not be entitled to attend the meeting. The Directors strongly encourage shareholders to vote by appointing the Chairman of the meeting as their proxy, by submitting a proxy appointment in accordance with the instructions on the Proxy Card.
4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
5. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form. Alternatively, (an) additional Proxy Form(s) may be obtained by contacting Equiniti's helpline on 0371 384 2030. Overseas holders should contact +44 (0)121 415 7047. Lines are open from 9.00am to 5.00pm Monday to Friday (excluding bank or public holidays). Please indicate in the space next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together. In light of the decision to hold the AGM as a closed meeting due to the Covid-19 "stay alert" measures, proxies (other than the Chairman of the meeting) will not be entitled to attend the meeting. Accordingly, the Directors strongly encourage shareholders to vote by appointing the Chairman of the meeting as their proxy by submitting a proxy appointment in accordance with the instructions on the Proxy Form.
6. Shareholders can:
  - Appoint a proxy and give proxy instructions by returning the enclosed Proxy Form by post (see Note 8).
  - Register their proxy appointment electronically (see Note 9).
  - If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see Note 10).

Appointment of a proxy does not preclude you from attending the meeting and voting in person.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

### Appointment of proxy by post

8. The Notes to the Proxy Form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the Proxy Form, the form must be:
  - completed and signed;
  - sent or delivered to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; and
  - received by Equiniti no later than 2.30pm on 11 November 2020.

In the case of a shareholder which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form. If you have not received a Proxy Form and believe that you should have one, or if you require additional Proxy Forms, please contact Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or on 0371 384 2030, lines open 9.00am to 5.00pm Monday to Friday (excluding bank or public holidays). Overseas holders should contact +44 (0)121 415 7047.

### Appointment of proxies electronically

9. As an alternative to completing the hard-copy Proxy Form, you can appoint a proxy electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed on the Form of Proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at [www.shareview.co.uk](http://www.shareview.co.uk). Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions must reach Equiniti Limited no later than 2.30pm on 11 November 2020.

## Notes to the Notice of Annual General Meeting continued

### Appointment of proxies through CREST

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)).

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti Limited (ID RA19) no later than 2.30pm on 11 November 2020, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### Changing proxy instructions

12. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy Proxy Form and would like to change the instructions using another hard-copy Proxy Form, please contact Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or on 0371 384 2030, lines open 9.00am to 5.00pm Monday to Friday (excluding bank or public holidays). Overseas holders should contact +44 (0)121 415 7047.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In light of the decision to hold the AGM as a closed meeting due to the Covid-19 "stay alert" measures, proxies (other than the Chairman of the meeting) will not be entitled to attend the meeting. The Directors strongly encourage shareholders to vote by appointing the Chairman of the meeting as their proxy by submitting a proxy appointment in accordance with the instructions on the Proxy Form.

### Termination of proxy appointments

13. A shareholder may terminate a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Equiniti no later than 2.30pm on 11 November 2020. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

### Corporate representatives

14. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

### Issued shares and total voting rights

15. As at 13 October 2020, the Company's issued share capital comprised 255,636,720 ordinary shares of £1.50 each. Each ordinary share carries the right to one vote at a general meeting of the Company with the exception of ordinary shares purchased by the Company and held as treasury shares. As at 28 September 2020, being the last practicable date before publication of this Notice, the number of treasury shares held by the Company was 266,473 and therefore the total number of voting rights in the Company is 255,370,247.

The website referred to in Note 23 will include information on the number of shares and voting rights.

### Questions

16. In light of the decision to hold the AGM as a closed meeting due to the Covid-19 "stay alert" measures, shareholders are invited to submit any questions via email to the Company Secretary using the following address: liz.mcdonald@dfs.co.uk.

### Website publication of audit concerns

17. Under section 527 of the Companies Act 2006, a shareholder or shareholders, meeting the criteria set out at Note 18 below, have the right to request the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the meeting.

The request:

- may be in hard copy form (see Note 19 below) or in electronic form;
- either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported;
- must be authenticated by the person or persons making it (see Note 19 below); and
- be received by the Company at least one week before the meeting.

### Shareholders' qualification criteria

18. In order to be able to exercise the shareholders' right to require the Company to publish audit concerns (see Note 17), the relevant request must be made by:

- a shareholder or shareholders having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or
- at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total number of voting rights, see Note 15 above and the website referred to in Note 23 below.

### Submission of hard copy requests and authentication requirements

19. Where a shareholder or shareholders wish to request the Company to publish audit concerns in hard copy form (see Note 17), such a request must be signed by the shareholder, stating their full name and address, and be sent to the Company Secretary at DFS Furniture plc, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA.

### Nominated persons

20. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("**Nominated Person**"):

- You may have a right, under an agreement between you and the shareholder of the Company who has nominated you to have information rights ("**Relevant Shareholder**"), to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

### Voting

21. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This is a more transparent method of voting as shareholders' votes are counted according to the number of shares registered in their names. As soon as practicable following the meeting, the results of the voting will be announced via a regulatory information service and also placed on the Company's corporate website.

## Notes to the Notice of Annual General Meeting continued

### Documents on display

22. Subject to the Covid-19 "stay alert" measures and related advice from the UK Government, copies of: (i) the Letters of Appointment between the Company and its Non-Executive Directors; and (ii) the draft share purchase agreement in relation to the Company's off market purchase of the Deferred Shares which is proposed to be entered into between the Company and a person nominated by the Company to act on behalf of the Company's shareholders (in accordance with the terms of the Deferred Shares in Resolution 13 and the Company's authority to purchase the Deferred Shares in Resolution 18, each such resolution as proposed to shareholders), will each be available at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the conclusion of the AGM. As the AGM will be held as a closed meeting, copies of these documents will be made available by emailing the Company Secretary at [liz.mcdonald@dfs.co.uk](mailto:liz.mcdonald@dfs.co.uk).

### Website giving information regarding the meeting

23. A copy of this notice and other information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at [www.dfscorporate.co.uk](http://www.dfscorporate.co.uk).

### Communication

24. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- by contacting the Registrar's helpline on 0371 384 2030. Overseas holders should contact +44 (0)121 415 7047. Lines are open from 9.00am to 5.00pm Monday to Friday (excluding bank or public holidays); or
- in writing to: Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA.

25. You may not use any electronic address provided either in this Notice of Annual General Meeting or in any related documents (including the Letter from the Chairman and Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

## Explanation of Resolutions

Resolutions 1 to 14 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 15 to 19 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

An explanation of each of the resolutions is set out below.

### Resolution 1: To adopt the Annual Report

The Directors present the Company's Annual Report, including the financial statements, the Directors' report and the Independent Auditor's report for the 52 weeks ended 28 June 2020, to the shareholders at the AGM.

### Resolution 2: To approve the Directors' Remuneration Report

Shareholders are asked to approve the Annual Remuneration Report section of the Directors' Remuneration Report, which is set out on pages 84 to 105 of the Annual Report for the 52 weeks ended 28 June 2020. The Company's auditor, KPMG LLP, have audited those parts of the Directors' Remuneration Report that are required to be audited and their report may be found on pages 76 to 81 of the Annual Report.

### Resolutions 3 to 9: To re-elect/elect Directors

Resolutions 3 to 9 deal with the re-election/election of Directors. In accordance with the requirements of the UK Corporate Governance Code, all of the Directors, with the exception of Jane Bednall, are subject to re-election by shareholders at the AGM. Jane Bednall is subject to election at the AGM, being the first AGM after her appointment to the Board. The biographies of each of the Directors are set out on pages 64 to 65 of the Annual Report.

The Board considers that each of the Directors proposed for re-election/election has made and continues to make an effective contribution to the Company, is committed to their roles and makes available the time necessary to perform their duties.

The Company considers that each independent Director is independent by taking into consideration the independence criteria set by the UK Corporate Governance Code. The Company confirms that there have been no previous or existing relationships, transactions or arrangements between each of the independent Directors and the Company, any of its Directors, any controlling shareholder of the Company or any associate of a controlling shareholder within the meaning of Listing Rule 13.8.17R (1).

All of the independent Directors are experienced and have a broad knowledge of the retail sector. In light of their career experience and knowledge, the Board considers that each Director brings valuable skills to the Board and provides an impartial viewpoint. Details of the skill set of each of the Directors are set out on page 69 of the Annual Report.

### Resolutions 10 and 11: To reappoint KPMG LLP as the Company's auditor and determine audit fees

Under section 489 of the Companies Act 2006, the auditor of a public company has to be appointed before the end of each AGM at which the Company's annual accounts are presented. The Board recommends the re-appointment of KPMG LLP as auditor of the Company, to hold office from the conclusion of the AGM until the conclusion of the next AGM at which accounts are presented.

Resolution 11 seeks shareholder consent for the Audit Committee of the Company to determine KPMG LLP's remuneration.

### Resolution 12: To authorise the Directors to sub-divide the ordinary shares

Resolution 12 proposes that each existing ordinary share of £1.50 in issue at the close of business on the date of the Annual General Meeting will be subdivided into one ordinary share of £0.10 in the Company and one deferred share of £1.40 in the Company (the "**Share Subdivision**"). The purpose of the Deferred Shares is to ensure that the reduction in the nominal value of the ordinary shares does not result in a reduction in the capital of the Company. Each ordinary shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged as a result of the Share Subdivision. Aside from the change in nominal value, the rights attaching to the New Ordinary Shares (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of Existing Ordinary Shares. No new share certificates will be issued in respect of the New Ordinary Shares as existing share certificates will remain valid in respect of the same number of New Ordinary Shares arising from the Share Subdivision. The number of ordinary shares of the Company listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities shall not change as a result of the Share Subdivision. The Share Subdivision will not affect the Company's net assets. Consequently, the market price for a New Ordinary Share immediately after the completion of the Share Subdivision should, theoretically, be the same as the market price of an Existing Ordinary Share immediately prior to the Share Subdivision.

Resolution 12 is conditional on the passing of Resolution 13.

### Resolution 13: To approve the terms of the Deferred Shares

Resolution 13 relates to the terms of the Deferred Shares to be issued as a result of the Share Subdivision proposed in Resolution 12. The Deferred Shares created on the Share Subdivision becoming effective will have no voting or dividend rights and, on a return of capital on a winding-up of the Company, the Deferred Shares will have the right to receive the amount paid up thereon only after ordinary shareholders have received, in aggregate, any amounts paid up on their ordinary shares plus £10 million per ordinary share. No share certificates will be issued in respect of the Deferred Shares, nor will CREST accounts of shareholders be credited in respect of any entitlement to Deferred Shares, nor will they be admitted to the Official List or to trading on the London Stock Exchange or any other investment exchange. The Deferred Shares shall not be transferable at any time, other than with the prior written consent of the Directors of the Company. The rights attaching to, and restrictions upon, the Deferred Shares are set out in Resolution 13 and in accordance with Article 5 of the Articles of Association of the Company, if such resolution is approved, shall apply to the Deferred Shares as if such rights and restrictions were set out in the Articles of Association of the Company.

## Explanation of Resolutions continued

The rights attaching to the Deferred Shares shall also grant irrevocable authority to the Company to, *inter alia*:

- transfer the Deferred Shares to a person nominated by the Directors for no consideration and without requiring the consent of any holder of Deferred Shares to be obtained;
- purchase any or all of the Deferred Shares without any further approval from the holders of the Deferred Shares;
- appoint any person on behalf of the holders of the Deferred Shares to execute a contract for the purchase of the Deferred Shares for an aggregate consideration of £0.01 to be paid to such person selected by lot and who is not required to account to any of the other shareholders; and
- cancel the deferred shares without payment to the holders.

Any buyback of the Deferred Shares would be effected by notice to the registered office of the Company addressed to a person nominated by the Directors to act on behalf of the holders of the Deferred Shares.

Resolution 13 is conditional on the passing of Resolution 12.

### Resolution 14: To authorise the Directors to allot shares

Under the Companies Act 2006, the directors of a company may only allot new shares (or grant rights over shares) if authorised to do so by the shareholders in a general meeting. The authority which is sought in this respect is dealt with in Resolution 14. The authority sought in paragraph (a) of Resolution 14 will allow the Directors to allot shares up to a maximum nominal amount of (i) £127,685,124 (if Resolution 12 is not passed) or (ii) £8,512,341 (if Resolution 12 is passed). In the case of (i), this represents the aggregate of two thirds of the nominal value of the Existing Ordinary Shares in issue, excluding treasury shares, as at 28 September 2020, being the last practicable date before publication of this Notice. In the case of (ii), this represents the aggregate of two thirds of the nominal value of the New Ordinary Shares, excluding treasury shares, as at the same date (assuming, for this purpose only, that the share subdivision described in Resolution 12 was effected on that date).

In accordance with the latest institutional guidelines issued by the Investment Association, the authority sought in paragraph (b) of Resolution 14 will also allow the Directors to allot shares (in connection with a rights issue and inclusive of any ordinary shares issued pursuant to the authority granted under paragraph (a)) up to a maximum nominal amount of £255,370,247 (if Resolution 12 is not passed) or (ii) £17,024,683 (if Resolution 12 is passed), which represents (on the same basis) approximately two thirds of the Company's issued ordinary shares (excluding treasury shares) as at 28 September 2020, being the last practicable date prior to publication of this Notice.

The Directors have no present intention to allot shares or grant rights to subscribe for or convert any security into shares pursuant to this authority. However, the Directors consider it desirable to have the flexibility to respond to market developments and to enable allotments to take place in appropriate circumstances.

If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 24 February 2022, whichever is sooner.

### Resolutions 15 and 16: To dis-apply pre-emption rights

If the Directors wish to allot shares or other equity securities for cash or to sell any shares which the Company holds in treasury, the Companies Act 2006 requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holding.

Resolution 15 renews the Directors' power to allot equity securities and sell treasury shares for cash without first offering them to existing shareholders. Apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to a nominal value of £19,152,768 (if Resolution 12 is not passed) or (ii) £1,276,851 (if Resolution 12 is passed) (which in either case includes the sale on a non-pre-emptive basis of any shares held in treasury). This number represents approximately 5% of the Company's issued share capital (excluding treasury shares) as at 28 September 2020, being the latest practicable date prior to publication of this Notice (and if Resolution 12 is passed, assuming, for this purpose only, that the share subdivision was effected on that date).

Resolution 15 also seeks a disapplication of pre-emption rights on a rights issue, so as to allow the Directors to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise. If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 24 February 2022, whichever is sooner.

The Pre-emption Group Statement of Principles ("**Statement of Principles**") supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Resolution 16 seeks this separate and additional authority. The Directors confirm, in accordance with the Statement of Principles, that they will only allot shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares) for cash pursuant to the authority referred to in Resolution 16 where the allotment is in connection with an acquisition or specified capital investment, which is announced contemporaneously with the allotment. Where the authority granted under Resolution 16 is used, the circumstances that have led to its use and the consultation process undertaken will be disclosed by the Company in its next Annual Report.

The Board also intends to adhere to the guidelines set out in the Statement of Principles and will not (except in relation to an issue pursuant to Resolution 16 in respect of the additional 5% referred to above) allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 15:

- (i) in excess of an amount equal to 5% of the Company's issued ordinary share capital (excluding treasury shares); or
- (ii) in excess of an amount equal to 7.5% of the Company's issued ordinary share capital (excluding treasury shares) in a rolling three-year period.

If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 24 February 2022, whichever is sooner.

The Board has no present intention to exercise the authority granted under Resolution 15 or 16, other than to satisfy existing employee share-based awards, but the Directors consider that the authority sought is appropriate as it also provides the Company with the necessary flexibility to take advantage of business opportunities as they arise.

#### **Resolution 17: To authorise the Company to purchase its own shares**

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 25,537,024 of its ordinary shares, representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 28 September 2020, being the last practicable date before the publication of this Notice (and if Resolution 12 is passed, assuming, for this purpose only, that the share subdivision was effected on that date).

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority, which reflect the requirements of the Listing Rules. If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 24 February 2022, whichever is sooner.

Pursuant to the Companies Act 2006, the Company can hold the shares which have been purchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. The Directors believe that it is desirable for the Company to have this choice as holding the purchased shares as treasury shares gives the Company the ability to re-sell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. The Directors therefore intend to hold any ordinary shares purchased under this authority as treasury shares.

Ordinary shares will only be repurchased for the purposes of employee share schemes, or if the directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Ordinary shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

As at 28 September 2020 (being the latest practicable date prior to the publication of this Notice), there were 7,009,888 outstanding share-based awards or options granted under all incentive plans operated by the Company, which if exercised would represent 2.74% of the issued share capital of the Company (excluding shares held in treasury). If this authority were exercised in full, that percentage would increase to 3.04%.

#### **Resolution 18: To authorise the Company to purchase the Deferred Shares.**

Resolution 18 proposes that the Company be granted authority to make an off market purchase of its Deferred Shares of £1.40 each in accordance with the terms of (i) the Deferred Shares (which shall have such rights and restrictions attached to them as detailed in Resolution 13) and (ii) the share purchase agreement made available to shareholders pursuant to section 696(2) of the Companies Act 2006; with such power to apply until 13 November 2025.

Resolution 18 is conditional on the passing of Resolutions 12 and 13.

#### **Resolution 19: To authorise the Directors to call a general meeting, other than an annual general meeting, on not less than 14 clear days' notice.**

This resolution seeks the approval of shareholders to reduce the notice period required for a general meeting to 14 clear days. Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 (the "**Shareholders' Rights Regulations**") increased the notice period required for general meetings (other than annual general meetings) to 21 days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Please note that if this resolution is approved, it will not apply to AGMs, which will continue to be held on at least 21 clear days' notice.

It is intended that the shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of the shareholders as a whole. The Company will comply with the requirement under the Shareholders' Rights Regulations to provide appropriate facilities for electronic voting at general meetings held on less than 21 clear days' notice. If given, the approval will be effective until the Company's next annual general meeting, at which point it is intended that a similar resolution will be proposed.

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