## STATEMENT OF KEITH STATON

### MBL Group plc (the "Company")

### General Meeting – 28 September 2017

Dear Shareholder,

I write in relation to the general meeting to take place on 28 September 2017 which I have requisitioned, including in response to the recommendations of the directors to vote against the proposed resolution.

Together with a number of other shareholders, I have for some time been concerned with the management of the Company and the approach of the directors to their openness and transparency on a variety of issues including their own remuneration, the sale of the business, and to shareholder relations.

The directors confirmed at a general meeting in December 2016 that they would be taking a bonus for the sale of the businesses. I sought assurances in April 2017 that they would not take any such bonus but their response was inadequate, stating that they had no "current intention", and rejecting my request for a specific undertaking. Given these circumstances, I am concerned that the directors may be in a position to take excessive remuneration. It is clear that there is an absence of transparency in relation to existing and future bonus and remuneration arrangements, as well as with various aspects of their more general conduct in relation to the company's affairs.

I have attempted to engage with the directors over a period of months and have given them every opportunity to address these concerns without the need to resort to formal steps. However, the directors have refused to do so. Instead, they have sought to characterise proper and reasonable shareholder requests as causing needless expense to the company. This is wholly incorrect. In fact, it is their own lack of co-operation that has caused substantial needless expense to the detriment of shareholder value.

The proposed resolution tabled is a fair and proportionate measure designed to protect value for all shareholders.

On 11 September 2017, a general meeting which I had requisitioned was held. I had hoped that the directors would agree an amendment to the first requisition to allow both resolutions to be held on the same date. Alternatively, the directors could have called both meetings on the same date. They refused, it would appear, solely in an effort to be unhelpful and to frustrate the requisition. These additional costs are entirely their responsibility. As such, their conduct is directly contrary to the company's interests and will achieve nothing.

On 11 September, the directors indicated that they may be willing to give formal confirmation that there currently is no, and they will not seek to create, any bonus arrangement based on the sale of the Company or any of its trading businesses. Had the directors given this confirmation back in April, the expense of these meetings could have been avoided. Should acceptable confirmations be given I would rescind the requisition for the 28 September meeting.

Shareholders should **VOTE FOR** the resolution, which has been proposed solely for the purpose of encouraging good governance of the company, for the following reasons:

1. The poor financial performance detailed in the full year results, which show a loss of £158,000 and exceptional costs of £693,000 (in contrast to a profit in the 2016 financial year) and a reduction of over £200k in cash reserves from the end of the 2016 financial year.

2. The potential for substantial sums to be paid to the directors in addition to their annual £35,000 (Tim Jackson-Smith) and £30,000 (Peter Palframan) salaries for 2 days per month.

The service agreements state that the directors are entitled to charge an additional £1,000 per day for work undertaken in excess of the contracted 2 days per month. The additional day rate would have been intended to relate to infrequent ad hoc work undertaken by non-executive directors supporting an executive team. The 2017 Annual Report shows that the directors were paid substantially more than their base rate: £114,000 to Tim-Jackson Smith and £27,000 to Peter Palframan's (for less than 4 months' work) It is unclear what payments have been made since 31 March 2017.

Shareholders should also have complete transparency and know whether any other sums have been or will or may arise (and if so, what) and have the opportunity to consider and approve the position – especially in view of the poor financial performance of the company and the potentially increasingly disproportionate impact that undue director remuneration may have on shareholder funds.

3. Tim Jackson-Smith was appointed the only executive director of the company in November 2016 and his contract should have been amended at that stage to reflect that he would be required to work additional days in this role. In May 2017 it was announced that he had taken an appointment with a legal firm, Shoosmiths LLP, as a partner. Such a full-time additional role is incompatible with the time the executive director should be required to devote to the affairs of the company. Further, Shoosmiths LLP were appointed as legal advisors to the Company in 2016 which raises obvious potential conflict of interest.

4. The Strategic Review which led to the recommendation to sell the assets of MBL was requested by shareholders at a general meeting in October 2016 as they no longer had faith in the management of the company to deliver shareholder value. Once shareholders had made that decision the process for selling the businesses should have been quite straightforward and progressed quickly. Nearly a year has passed and neither business has been sold with little evidence that any substantial progress has been made.

5. I believe that potential purchasers should have already been identified for the businesses. As such, the sale processes are unlikely to be affected by the passing of this resolution and this resolution does not seek to disturb the sale process.

6. The proposed resolution does not preclude the increase of remuneration or award of bonuses for the directors. It simply serves to enhance shareholder oversight and control of such matters.

Yours faithfully,

Keith Staton