

**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 are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”).**

This Prospectus has been approved by the FCA, as the competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this Prospectus. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the securities.

The Company and each of its Directors, whose names appear on page 19 of this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This document comprises a prospectus relating to Toople plc prepared in accordance with the Prospectus Regulation Rules of the Financial Conduct Authority (the “FCA”) made under section 73A of FSMA and approved by the FCA under section 87A of FSMA. This document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

Application(s) will be made to the FCA for the New Ordinary Shares to be admitted to the standard listing segment of the Official List of the UK Listing Authority (the “**Official List**”) by way of a standard listing under Chapter 14 of the listing rules published by the UK Listing Authority under section 73A of FSMA as amended from time to time (the “**Listing Rules**”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities (together, “**Admission**”). No application has been made, or at this time is intended to be made, for the New Ordinary Shares to be admitted for listing or dealt with on any other stock exchange.

It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 18 February 2020. The Placing has not been underwritten.

**INVESTORS SHOULD READ THIS DOCUMENT IN ITS ENTIRETY TOGETHER WITH THE INFORMATION INCORPORATED BY REFERENCE. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE PART HEADED “RISK FACTORS” FOR A DISCUSSION OF THE RISKS THAT MIGHT AFFECT THE VALUE OF YOUR SHAREHOLDING IN THE COMPANY. PROSPECTIVE INVESTORS SHOULD BE AWARE THAT AN INVESTMENT IN THE COMPANY INVOLVES A SIGNIFICANT DEGREE OF RISK AND THAT, IF CERTAIN OF THE RISKS DESCRIBED IN THIS DOCUMENT OCCUR, INVESTORS MAY FIND THEIR INVESTMENT IS MATERIALLY ADVERSELY AFFECTED.**

**ACCORDINGLY, AN INVESTMENT IN THE ORDINARY SHARES IS ONLY SUITABLE FOR INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS AND WHO ARE ABLE TO BEAR THE LOSS OF THE WHOLE OR PART OF THEIR INVESTMENT.**

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# TOOPLC PLC

*(Incorporated in England and Wales under the company number 10037980)*

Issue of up to 1,200,000,000 Placing Shares  
Proposed issue of 1,050,000,000 Consideration Shares  
Proposed issue of 126,461,680 Fee Shares

and

Notice of General Meeting

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**This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.**

Cairn Financial Advisers LLP (**Cairn**) is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Cairn is acting solely as nominated adviser exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the contents of this announcement nor will it be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Cairn by FSMA or the regulatory regime established thereunder, Cairn accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the

contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this announcement, whether as to the past or the future. Cairn accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this announcement or any such statement.

Novum Securities Limited ("Novum") and Turner Pope Investments (TPI) Limited (**TPI**) are authorised and regulated by the Financial Conduct Authority in the United Kingdom. Novum and TPI are acting solely as the Company's brokers and placing agents exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as their client in relation to the contents of this announcement nor will they be responsible to anyone other than the Company for providing the protections afforded to their clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Novum and TPI by FSMA or the regulatory regime established thereunder, Novum and TPI accept no responsibility whatsoever, and make no representation or warranty, express or implied, for the contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by them, or on behalf of them, the Company or any other person, in connection with the Company and the contents of this announcement, whether as to the past or the future. Novum and TPI accordingly disclaim all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of the contents of this announcement or any such statement.

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of any province or territory of Australia, Canada, Japan, Republic of South Africa or the Republic of Ireland. Securities may not be offered or sold in the United States absent: (i) registration under the Securities Act; or (ii) an available exemption from registration under the Securities Act. The Ordinary Shares have not been and will not be offered or sold in the United States, Australia, Canada, Japan, Republic of South Africa or the Republic of Ireland or to or for the account or benefit of any person resident in Australia, Canada, Japan, Republic of South Africa or the Republic of Ireland and this Document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in such jurisdictions or in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. These materials may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States, Australia, Canada, Japan, South Africa or the Republic of Ireland. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves of and observe any restrictions.

**APPLICATION WILL BE MADE FOR THE NEW ORDINARY SHARES TO BE ADMITTED TO THE STANDARD SEGMENT OF THE OFFICIAL LIST. A STANDARD LISTING AFFORDS INVESTORS IN THE COMPANY A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO THE PREMIUM SEGMENT OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES. IT SHOULD BE NOTED THAT THE UK LISTING AUTHORITY WILL NOT HAVE THE AUTHORITY TO (AND WILL NOT) MONITOR THE COMPANY'S COMPLIANCE WITH ANY OF THE LISTING RULES AND/OR ANY PROVISION OF THE UK CORPORATE GOVERNANCE CODE WHICH THE COMPANY HAS INDICATED THAT IT INTENDS TO COMPLY WITH ON A VOLUNTARY BASIS, NOR TO IMPOSE SANCTIONS IN RESPECT OF ANY FAILURE BY THE COMPANY TO SO COMPLY.**

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA or Rule 3.4 of the Prospectus Regulation Rules, the publication of this Document does not create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Document. Notwithstanding any reference herein to the Company's website, the information on the Company's website does not form part of this Document.

Dated 31 January 2020

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## SUMMARY

<b>1.</b>	<b>Introduction</b>
<b>a.</b>	<b>Name and ISIN of securities</b>
	Name: Ordinary shares of Toople plc Ticker for the Ordinary Shares: TOOP; International Securities Identification Number (ISIN) of the Ordinary Shares: GB00BZ8TP087
<b>b.</b>	<b>Identity and contact details of the issuer</b>
	Name: Toople plc (the "Company", and together with its subsidiary undertakings, the "Group") Address: PO BOX 501, The Nexus Building, Broadway, Letchworth Garden City, SG6 9BL Tel: 08000499499 Legal Entity Identifier (LEI): 213800P3DSCKSEHPU161
<b>c.</b>	<b>Identity and contact details of the competent authority</b>
	Name: Financial Conduct Authority Address: 12 Endeavour Square, London, E20 1JN, United Kingdom Tel: +44 (0) 20 7066 8348
<b>d.</b>	<b>Date of approval of the prospectus</b>
	31 January 2020
<b>e.</b>	<b>Warnings</b>
	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on a consideration of the prospectus as a whole by the prospective investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
<b>2.</b>	<b>Key information on the issuer</b>
<b>a.</b>	<b>Who is the issuer of the securities?</b>
<b>i.</b>	<b>Domicile and legal form, LEI, applicable legislation and country of incorporation</b> The Company is a company limited by shares, registered and incorporated in England and Wales under the Act on 2 March 2016 with registered number 10037980 and LEI 213800P3DSCKSEHPU161.
<b>ii.</b>	<b>Principal activities</b> The Group is a technology focused provider of telecom solutions to the UK SME market. The Group's target market is those SME businesses which have between 1 and 50 employees. The Group's services include the provision of cloud based telephony services, broadband over copper, fibre, EFM and Ethernet data services (with call bundles) and mobile services. SMEs within the target market of the Company were estimated to employ 12.9 million people, across 5.7 million businesses in 2018. The Directors believe that there is demand from UK SMEs for easily accessible, simple to understand, flexible, reliable telecom solutions which are available with minimal delay at an attractive price and accompanied by excellent customer service. The Toople brand and commercial launch of the Business occurred in May 2016. Since launch, the Business has seen good growth in broadband and mobile orders and the hosted telephony system has provided the opportunity to deploy a complete unified communications package to the small business market. The Group uses the BroadSoft platform for its hosted solution, which is recognised as the leading platform for hosted solutions offering the most customer value added services and service resilience. Deploying the hosted solution to small businesses is, in the Directors' opinion, extremely scalable as all handsets and apps are delivered preconfigured by the Toople portal giving the customer a true "plug and play" experience. The Group is headquartered in Buckinghamshire, UK and has a developer-team retained in Poland to support and maintain the Merlin platform. In addition the Group outsources sales and certain customer support functions to a specialist organisation based in Durban, South Africa. Toople has conditionally agreed to acquire the entire issued share capital of DMS Holding in conjunction with the Placing which, together with the funds raised through the issue of the Loan Notes, will provide the cash consideration for DMS Holding and provide general working capital for the Enlarged Group. DMS Holding is the holding company for DMSL, a company which provides unified communication services in the UK. The Directors believe, that following the Acquisition, the Enlarged Group will deliver faster growth, achieve material cost synergies and benefit from the complementary skill sets of Toople and DMSL.

iii.	<p><b>Major Shareholders</b></p> <p>The below table sets out the persons who had notified the Company of an interest which represents 3 per cent. or more of the voting share capital of the Company as at 30 January 2020 (being the latest practicable date prior to the publication of this Prospectus):</p> <table><tr><th><i>Name</i></th><th><i>Ordinary Shares as at the date of this Document</i></th><th><i>Percentage of Existing Ordinary Shares t</i></th><th><i>Ordinary Shares at Admission*</i></th><th><i>Ordinary Shares held as a percentage of Enlarged Share Capital*</i></th></tr><tr><td>Epsilon Investments Pte Limited</td><td>70,000,000</td><td>6.12%</td><td>70,000,000</td><td>1.99%</td></tr></table> <p>* On the basis that the Placing is subscribed for in full, and that none of the Warrants or the Options will be exercised.</p> <p>Save as disclosed in this section, the Company is not aware of any person who, as at 30 January 2020, directly or indirectly, has a holding which is notifiable under English law or who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. There are no differences between the voting rights enjoyed by the Shareholders described above and those enjoyed by any other holder of Ordinary Shares.</p>	<i>Name</i>	<i>Ordinary Shares as at the date of this Document</i>	<i>Percentage of Existing Ordinary Shares t</i>	<i>Ordinary Shares at Admission*</i>	<i>Ordinary Shares held as a percentage of Enlarged Share Capital*</i>	Epsilon Investments Pte Limited	70,000,000	6.12%	70,000,000	1.99%																																				
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iv.	<p><b>Directors</b></p> <p>Richard Horsman, Andrew (Andy) Hollingworth, Kevin Lawrence, Geoffrey (Geoff) Wilson.</p>																																														
v.	<p><b>Statutory Auditors</b></p> <p>PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London, E14 4HD.</p>																																														
b.	<p><b>What is the key financial information regarding the issuer?</b></p>																																														
i.	<p>The following selected historical financial information on the issuer has been extracted from the issuer's audited financial statements.</p> <table><tr><th></th><th><b>Year ended 30-Sep 2019 (audited) £</b></th></tr><tr><td colspan="2"><b>Consolidated comprehensive income</b></td></tr><tr><td>Revenue</td><td>2,452,154</td></tr><tr><td>Cost of sales</td><td>(1,973,449)</td></tr><tr><td>Gross profit/(loss)</td><td>478,705</td></tr><tr><td>Other income</td><td>106,637</td></tr><tr><td>Administrative expenses</td><td>(2,686,788)</td></tr><tr><td>Write off shareholder loan</td><td>456,341</td></tr><tr><td>Operating loss</td><td>(1,645,105)</td></tr><tr><td>Net Interest</td><td>(28,081)</td></tr><tr><td>Loss before and after taxation</td><td>(1,673,186)</td></tr><tr><td colspan="2"><b>Consolidated financial position</b></td></tr><tr><td>Intangible assets</td><td>124,106</td></tr><tr><td>Trade &amp; other receivables</td><td>663,528</td></tr><tr><td>Cash &amp; cash equivalents</td><td>497,400</td></tr><tr><td>Total assets</td><td>1,285,034</td></tr><tr><td>Current and total liabilities</td><td>980,493</td></tr><tr><td>Net assets/(liabilities)</td><td>304,541</td></tr><tr><td colspan="2"><b>Consolidated cash flows</b></td></tr><tr><td>Net cash used in operating activities</td><td>(2,016,844)</td></tr><tr><td>Net cash inflows in financing activities</td><td>615,427</td></tr><tr><td>Net cash used in investing activities</td><td>(245,392)</td></tr><tr><td>Net increase /(decrease) in cash &amp; cash equivalents</td><td>(1,646,809)</td></tr></table> <p><b>Material uncertainty related to going concern</b></p> <p>In the year ended 30 September 2019 the Company was loss making and not cash generative. Group cash levels reduced during the year to £497,000 and have diminished further since the year end. The loss position increased to £1,673,000 in the year and net assets fell significantly to £305,000. In the absence of the proposals set out in this Document, the auditor stated that in their opinion, the Company would need to raise significant funding in the next 12 months in order to meet its working capital requirements. These events or conditions, along with the other matters surrounding the provision for bad and doubtful debts, indicate that, in the auditor's opinion, a material uncertainty existed that may have cast significant doubt on the Company's ability to continue as a going concern.</p>		<b>Year ended 30-Sep 2019 (audited) £</b>	<b>Consolidated comprehensive income</b>		Revenue	2,452,154	Cost of sales	(1,973,449)	Gross profit/(loss)	478,705	Other income	106,637	Administrative expenses	(2,686,788)	Write off shareholder loan	456,341	Operating loss	(1,645,105)	Net Interest	(28,081)	Loss before and after taxation	(1,673,186)	<b>Consolidated financial position</b>		Intangible assets	124,106	Trade & other receivables	663,528	Cash & cash equivalents	497,400	Total assets	1,285,034	Current and total liabilities	980,493	Net assets/(liabilities)	304,541	<b>Consolidated cash flows</b>		Net cash used in operating activities	(2,016,844)	Net cash inflows in financing activities	615,427	Net cash used in investing activities	(245,392)	Net increase /(decrease) in cash & cash equivalents	(1,646,809)
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The following selected historical financial information on DMSL and DMS Holding has been extracted from their audited financial statements.

**DMSL**

**STATEMENT OF INCOME AND RETAINED EARNINGS**

**Year ended 30 April**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	3,148,547	3,258,897	3,607,121
Cost of sales	(1,451,082)	(1,425,666)	(1,215,280)
<b>Gross profit</b>	1,697,465	1,833,231	2,391,841
Administrative expenses	(1,398,836)	(1,837,558)	(1,893,795)
<b>Operating profit</b>	298,629	(4,327)	498,046
Interest receivable and similar income	32,653	31,063	29,761
<b>Profit before taxation</b>	331,282	26,736	527,807
Taxation	(11,967)	59,584	119,167
<b>Profit for the financial year</b>	319,315	86,320	646,974
Retained earnings brought forward	562,619	629,299	128,158
Effect of prior period adjustments	—	—	27,917
Dividends	(143,000)	(153,000)	(173,750)
Retained earnings carried forward	738,934	562,619	629,299

**BALANCE SHEET**

**As at 30 April**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible assets	28,229	2,091	3,136
Investments	5	5	5
	28,234	2,096	3,141
<b>Current assets</b>			
Stocks	166,689	151,207	—
Debtors	1,092,647	970,615	980,290
Cash at bank and in hand	42,486	835	72,889
	1,301,822	1,122,657	1,053,179
<b>Creditors: amounts falling due within one year</b>	(591,106)	(562,118)	(427,005)
<b>Net current assets</b>	710,716	560,539	626,174
<b>Total assets less current liabilities</b>	738,950	562,635	629,315
<b>Capital and reserves</b>			
Called up share capital	10	10	10
Capital redemption reserve	6	6	6
Profit and loss reserves	738,934	562,619	629,299
<b>Total equity</b>	738,950	562,635	629,315

<b>DMS Holding</b> <b>STATEMENT OF INCOME AND RETAINED EARNINGS</b>						
				<b>Year ended 30 April 2019</b>	<b>Period ended 30 April 2018</b>	
				<b>£</b>	<b>£</b>	
<b>Turnover</b>				37,167	—	
Cost of sales				(36,997)	—	
<b>Gross profit</b>				170	—	
Administrative expenses				(39)	—	
<b>Operating profit</b>				131	—	
Interest receivable and similar income				143,000	153,000	
<b>Profit before taxation</b>				143,131	153,000	
Taxation				(25)	—	
<b>Profit for the financial Period</b>				<u>143,106</u>	<u>153,000</u>	
<b>BALANCE SHEET</b>						
				<b>2019</b>	<b>2018</b>	
				<b>£</b>	<b>£</b>	
<b>Fixed assets</b>						
Investments				1,500,000	1,500,000	
<b>Current assets</b>						
Debtors				11,085	—	
Cash at bank and in hand				860	—	
				11,945	—	
<b>Creditors: amounts falling due within one year</b>				(311,739)	(299,900)	
<b>Net current liabilities</b>				<u>(299,794)</u>	<u>(299,900)</u>	
<b>Total assets less current liabilities</b>				<u>1,200,206</u>	<u>1,200,100</u>	
<b>Capital and reserves</b>						
Called up share capital				100	100	
Share premium accounts				1,200,000	1,200,000	
Profit and loss reserves				106	—	
<b>Total equity</b>				<u>1,200,206</u>	<u>1,200,100</u>	

  

ii.	<i>Selected pro forma financial information</i> Set out below are the unaudited pro-forma statement of financial position as at 30 September 2019 and statement of comprehensive income of the Company as if the acquisitions had occurred on 1 April 2019.					
	<b>Company year ended 30 September 2019</b>	<b>DMS Holdings 2017 Ltd year ended 30 April 2019</b>	<b>Direct Market Services Limited year ended 30 April 2019</b>	<b>Adjustment Inter- company adjustments</b>	<b>Adjustment Loan drawdown</b>	<b>Unaudited pro forma comprehensive income</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Turnover .....	2,452,154	37,167	3,148,547	(37,167)	—	5,600,701
Cost of Sales .....	(1,973,449)	(36,997)	(1,451,082)	36,997	—	(3,424,531)
<b>Gross profit .....</b>	<b>478,705</b>	<b>170</b>	<b>1,697,465</b>	<b>(170)</b>	<b>—</b>	<b>2,176,170</b>
Other income .....	106,637	—	—	—	—	106,637
Administration expenses .....	(2,686,788)	(39)	(1,398,836)	—	—	(4,085,663)
Write off shareholder loan .....	456,341	—	—	—	—	456,341
<b>Operating profit/loss .....</b>	<b>(1,645,105)</b>	<b>131</b>	<b>298,629</b>	<b>(170)</b>	<b>—</b>	<b>(1,346,515)</b>
Interest payable and similar charges	(34,239)	—	—	—	(37,650)	(71,889)
Interest receivable and Similar income .....	6,158	143,000	32,653	(143,000)	—	38,811
<b>Profit/loss before taxation .....</b>	<b>(1,673,186)</b>	<b>143,131</b>	<b>331,282</b>	<b>(143,170)</b>	<b>(37,650)</b>	<b>(1,379,593)</b>
Taxation .....	—	(25)	(11,967)	—	7,154	(4,839)
<b>Profit/loss for the year .....</b>	<b>(1,673,186)</b>	<b>143,106</b>	<b>319,315</b>	<b>(143,170)</b>	<b>(30,497)</b>	<b>(1,384,432)</b>



	Company as at 30 Sept. 2019 £	Acquisition of DMS Holding 2017 Ltd £	Acquisition of Direct Market Services Limited £	Adjustment Drawdown of Loan Notes £	Net proceeds £	Adjustment Elimination of intercompany balances £	Unaudited pro forma balance sheet £
Intangible assets	124,106	—	—	—	460,000	—	584,106
Tangible assets	—	—	28,229	—	—	—	28,229
Investments	—	1,500,000	5	—	—	(1,500,005)	—
<b>Non-current assets</b>	<b>124,106</b>	<b>1,500,000</b>	<b>28,234</b>	<b>—</b>	<b>460,000</b>	<b>(1,500,005)</b>	<b>612,335</b>
Stocks	—	—	166,689	—	—	—	166,689
Debtors	663,528	11,085	1,092,647	—	—	(140,400)	1,626,860
Cash at bank and in hand	497,400	860	42,486	1,186,500	458,852	—	2,186,098
<b>Current assets</b>	<b>1,160,928</b>	<b>11,945</b>	<b>1,301,822</b>	<b>1,186,500</b>	<b>458,852</b>	<b>(140,400)</b>	<b>3,979,647</b>
<b>Total assets</b>	<b>1,285,034</b>	<b>1,511,945</b>	<b>1,330,056</b>	<b>1,186,500</b>	<b>918,852</b>	<b>(1,640,405)</b>	<b>4,591,982</b>
Share capital	762,774	100	10	—	800,400	(110)	1,563,174
Share premium	5,412,561	1,200,000	—	—	118,452	(1,200,000)	5,531,013
Merger reserve	(25,813)	—	—	—	—	—	(25,813)
Share-based payment reserve	255,099	—	—	—	—	—	255,099
Capital redemption	—	—	6	—	—	—	6
Profit and Loss reserves	(6,100,080)	106	738,934	(30,497)	—	(299,895)	(5,691,432)
<b>Equity</b>	<b>304,541</b>	<b>1,200,206</b>	<b>738,950</b>	<b>(30,497)</b>	<b>918,852</b>	<b>(1,500,005)</b>	<b>1,632,048</b>
<b>Current liabilities</b>							
Trade and other payables	980,493	10,378	326,941	—	—	(140,400)	1,177,412
Other current liabilities	—	301,361	264,165	—	—	—	565,526
<b>Total current liabilities</b>	<b>980,493</b>	<b>311,739</b>	<b>591,106</b>	<b>—</b>	<b>—</b>	<b>(140,400)</b>	<b>1,742,938</b>
<b>Non-current liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,216,997</b>	<b>—</b>	<b>—</b>	<b>1,216,997</b>
<b>Total equity and liabilities</b>	<b>1,285,034</b>	<b>1,511,945</b>	<b>1,330,056</b>	<b>1,186,500</b>	<b>918,852</b>	<b>(1,640,405)</b>	<b>4,591,982</b>
iii	Description of the nature of any qualifications in the audit report on the historical financial information There are no qualifications in the audit reports on the Historical Financial Information which has been audited.						
c.	<b>What are the key risks that are specific to the issuer?</b>						
	<ul style="list-style-type: none"> <li>The Enlarged Group operates in a competitive market. The costs associated with remaining competitive may be too great for the Enlarged Group to successfully compete and gain market share</li> <li>An increase in supplier costs could result in significantly reduced gross profit margins, damaging the financial prospects of the Enlarged Group</li> <li>The Enlarged Group is dependent on the supply of certain products and services which would materially adversely affect the prospects of the Enlarged Group if such supply were terminated</li> <li>The Enlarged Group may fail to realise, or it may take longer than expected to realise, the expected benefits of the Acquisition</li> <li>The Enlarged Group is dependent on an outsourced team to carry out day to day sales and specific demand generation campaigns. An increase in the cost or termination of such service could materially adversely affect the prospects of the Enlarged Group</li> <li>Technical issues with the Merlin platform, upon which the Enlarged Group is reliant, may materially affect the operations of the Enlarged Group</li> <li>The Enlarged Group is exposed to credit risk due to the composition of its trade debtors. Issues regarding the recoverability of these debts could have a material impact on the cash flow of the Enlarged Group and adversely affect the Enlarged Group's financial condition and prospects</li> <li>The loss of/inability to attract key personnel could adversely affect the business of the Enlarged Group</li> <li>An inability to sell more than one product to customers could materially affect the prospects and gross profit of the Enlarged Group</li> <li>The technology upon which the Enlarged Group's products and services are based may become obsolete which could affect the prospects of the Enlarged Group</li> <li>The ownership and use of intellectual property by the Enlarged Group may be challenged by third parties or otherwise disputed, leading to unforeseen legal expenses and other factors that may have a material adverse effect on the Enlarged Group's operations</li> <li>The pricing environment in the telecoms industry could become more difficult than anticipated</li> <li>There exists a material uncertainty related to going concern if the Acquisition and associated Placing and issue of Loan Notes does not proceed</li> </ul>						



<b>3.</b>	<b>Key information on the securities</b>
<b>a.</b>	<b>What are the main features of the securities?</b>
<b>i</b>	<p><b>Type, class and ISIN of the securities being admitted to trading on a regulated market</b></p> <p>The securities being offered in the Placing are Ordinary Shares in the capital of the Company. Applications will be made for the New Ordinary Shares to be admitted to the Official List of the FCA with a Standard Listing and to trading on the Main Market of the London Stock Exchange. The Ordinary Shares are registered with ISIN GB00BZ8TP087, SEDOL code BZ8TP08 and TIDM TOOP.</p>
<b>ii</b>	<p><b>Currency, denomination, par value, number of securities issues and the term of the securities</b></p> <p>UK Pounds Sterling with nominal value of 0.0667 pence each.</p> <p>The Existing Ordinary Shares comprise 1,143,589,455 Ordinary Shares all of which have been fully paid up. The term of the securities is perpetual.</p>
<b>iii</b>	<p><b>Rights attached to the securities</b></p> <p>Shareholders will have the right to receive notice of and to attend and vote at any meetings of Shareholders. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such Shareholder present in person or by proxy will have one vote for each Ordinary Share held by such Shareholder.</p> <p>In the case of joint holders of an Ordinary Share, if two or more persons hold an Ordinary Share jointly, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the other joint holders and for this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.</p> <p>Pre-emption rights have been disapplied (in respect of future share issues whether for cash or otherwise) pursuant to a special resolution passed on 22 March 2019.</p> <p>Subject to the Companies Act, on a winding-up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available, first to the holders of Ordinary Shares in an amount up to 0.0667 pence per share in respect of each fully paid up Ordinary Share. If, following these distributions to holders of Ordinary Shares there are any assets of the Company still available, they shall be distributed to the holders of Ordinary Shares <i>pro rata</i> to the number of such fully paid up Ordinary Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares.</p>
<b>iv</b>	<p><b>Relative seniority of the securities</b></p> <p>Not applicable. The Company does not have any other securities in issue or liens over its assets and so the Ordinary Shares are not subordinated in the Company's capital structure as at the date of this prospectus, and will not be immediately following Admission.</p>
<b>v</b>	<p><b>Restrictions on free transferability of the securities</b></p> <p>Not applicable. The Ordinary Shares are freely transferable and tradable and there are no restrictions on transfer.</p> <p>Each Shareholder may transfer all or any of their Ordinary Shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each Shareholder may transfer all or any of their Ordinary Shares which are in uncertificated form by means of a 'relevant system' (i.e., the CREST System) in such manner provided for, and subject as provided in, the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (the "Regulations").</p>
<b>vi</b>	<p><b>Dividend or pay-out policy</b></p> <p>The Company does not intend to pay dividends in the near future as any earnings during such time are expected to be retained for use in business operations. The declaration and payment by the Company of any dividends and the amount thereof will be in accordance with, and to the extent permitted by, all applicable laws and will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.</p>
<b>b.</b>	<b>Where will the securities be traded?</b>
	<p><b>Application for admission to trading</b></p> <p>Application will be made for the New Ordinary Shares to be admitted to trading on the Main Market of the London Stock Exchange.</p>
<b>c.</b>	<b>What are the key risks that are specific to the securities?</b>
	<p><b>Key risks relating to the Company's Shares</b></p> <ul style="list-style-type: none"> <li>The New Ordinary Shares (to the extent issued) will be issued at a premium to the net asset value of the Existing Ordinary Shares. The value of an investment in Ordinary Shares may go down as well as up and there is no guarantee that the prevailing share price will in the future reflect or exceed the net asset value of the Ordinary Shares.</li> <li>Notwithstanding that application will be made for the New Ordinary Shares to be admitted to trading on the London Stock Exchange, a market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares and an investors ability to realise their returns (if any).</li> </ul>
<b>4.</b>	<b>Key information on the admission to trading on a regulated market</b>
<b>a.</b>	<b>Under which conditions and timetable can I invest in this security?</b>
<b>i.</b>	<p><b>General terms and conditions</b></p> <p>This Prospectus does not constitute an offer or an invitation to any person to subscribe for or purchase any shares in the Company. The New Ordinary Shares are not being offered to the public.</p> <p>The Company has raised £1.2 million (gross) through the Placing of 1,200,000,000 Placing Shares at the Placing Price to certain institutional investors. The Placees will also receive Placing Warrants to subscribe for one new Ordinary Share for every two Placing Shares acquired pursuant to the Placing at the Placing Price exercisable at any time prior to the third anniversary of Admission.</p>

	<p>The issue of New Ordinary Shares is conditional upon:</p> <ul style="list-style-type: none"> <li>the passing of the two resolutions to be proposed at the General Meeting;</li> <li>the receipt of the proceeds of the issue of the Loan Notes; and</li> <li>Admission becoming effective by no later than 8:00 a.m. (GMT) on 18 February 2020 (or such later time and/or date as the Company, Cairn, Novum and Turner Pope may determine).</li> </ul> <p>In the event that these conditions are not satisfied or waived (where capable of waiver), the Placing and will be revoked and will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.</p> <p>The New Ordinary Shares, when issued and fully paid, will rank <i>pari passu</i> in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions made, paid or declared in respect of the Ordinary Shares after their issue.</p>												
ii.	<p><b>Expected Timetable</b></p> <table> <tr> <td>Publication of this Document</td><td>31 January 2020</td></tr> <tr> <td>Latest time and date for receipt of Forms of Proxy for the General Meeting</td><td>13 February 2020</td></tr> <tr> <td>General Meeting</td><td>17 February 2020</td></tr> <tr> <td>Admission and commencement of dealings in the New Ordinary Shares</td><td>18 February 2020</td></tr> <tr> <td>Crediting of New Ordinary Shares to CREST Accounts</td><td>18 February 2020</td></tr> <tr> <td>Ordinary Share certificates dispatched by</td><td>28 February 2020</td></tr> </table>	Publication of this Document	31 January 2020	Latest time and date for receipt of Forms of Proxy for the General Meeting	13 February 2020	General Meeting	17 February 2020	Admission and commencement of dealings in the New Ordinary Shares	18 February 2020	Crediting of New Ordinary Shares to CREST Accounts	18 February 2020	Ordinary Share certificates dispatched by	28 February 2020
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iii.	<p><b>Details of admission to trading on a regulated market</b></p> <p>The Existing Ordinary Shares are currently listed on the standard listing segment of the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities.</p> <p>Applications will be made: (i) to the FCA for the New Ordinary Shares to be admitted to listing on the standard listing segment of the Official List and: (ii) to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Ordinary Shares will commence as soon practicable after 08:00 a.m. on 18 February 2020.</p>												
iv.	<p><b>Plan for distribution</b></p> <p>The Placing Shares which are the subject of this document will be offered by Novum and Turner Pope exclusively to the Placees. There will be no offer to the public of the Ordinary Shares and no intermediaries offer.</p>												
v.	<p><b>Amount and percentage of immediate dilution resulting from the offer</b></p> <p>The issue of the New Ordinary Shares will result in the ordinary share capital held by the Existing Shareholders at the date of this Document being diluted by 67.5 per cent.</p>												
vi.	<p><b>Estimate of total expenses of the issue</b></p> <p>The expenses of the Placing will be borne by the Company in full and no expenses will be charged to the investor by the Company. These expenses (including commission and expenses payable under the Placing Agreement, registration, listing and admission fees, printing, advertising and distribution costs and professional advisory fees, including legal fees, and any other applicable expenses) are not expected to exceed £280,000 representing approximately 23.3% of the aggregate of the £1.2 million in gross proceeds of the Placing. The total Net Placing Proceeds on this basis are approximately £920,000.</p>												
b.	<p><b>Why is this prospectus being produced?</b></p>												
i.	<p><b>Reasons for admission to trading on a regulated market</b></p> <p>The Consideration Shares will be issued as part consideration for the Acquisition of DMS Holding by Toopole. The Placing Shares will be issued in order to provide funding, together with the funds raised from the issue of the Loan Notes, for the cash consideration in respect of the Acquisition and to provide working capital for the Enlarged Group. Applications will be made to the FCA for the Consideration Shares, the Placing Shares and the Fee Shares (being issued to certain Directors in lieu of fees and remuneration owed) to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for the Consideration Shares, the Placing Shares and the Fee Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.</p> <p>The Company has retained Novum and Turner Pope to conduct the Placing.</p>												
ii.	<p><b>Use and estimated net amount of the proceeds</b></p> <p>The Company has raised gross proceeds of £1,200,000 pursuant to the Placing. The costs and expenses of the Placing and Admission will be borne by the Company in full and are not expected to exceed £280,000. The total net placing proceeds on this basis will be £920,000 (the "Net Placing Proceeds"). Toopole will use the Net Placing Proceeds, together with the funds raised through the issue of the Loan Notes, for the cash consideration in respect of the Acquisition and to provide working capital for the Enlarged Group.</p>												
iii.	<p><b>Underwriting</b></p> <p>The Placing is not underwritten.</p>												
iv.	<p><b>Material conflicts of interest</b></p> <p>The interests of the Directors together currently represent 51,083,332 Ordinary Shares being approximately 4.47 per cent. of the Existing Ordinary Shares. Certain Directors also have in aggregate, hold the NED Warrants, being warrants over a further 3,000,000 Ordinary Shares representing 0.26 per cent. of the Existing Ordinary Shares. It is intended that 126,461,680 Fee Shares will be issued to the Directors and that Richard Horsman will substitute for 16,000,000 Placing Shares. Accordingly, it is expected that the Directors will hold 193,545,012 Ordinary Shares in aggregate following Admission. Save as set out above, no Director has any interest in the Ordinary Shares, nor is expected to have any interest in the Enlarged Share Capital or have any conflict of interest between his duties to the Company and any private interests or other duties.</p>												

## RISK FACTORS

*The Group's business, financial condition or results of operations could be materially and adversely affected by the risks described below. In such cases, the market price of the Ordinary Shares may decline due to any of these risks and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group. The Directors consider the following risks to be the material risks for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company.*

*Any investment in the Ordinary Shares is speculative and subject to a high degree of risk. Prior to investing in the Ordinary Shares, prospective investors should carefully consider the risks and uncertainties associated with any investment in the Ordinary Shares, the Group's business and the sector in which it operates, together with all other information contained in this Prospectus, including, in particular, the risk factors described below.*

*Any of the risks described below, as well as other risks and uncertainties discussed in this Prospectus, could have a material adverse effect on the Group's business and could therefore have a negative effect on the trading price of the Ordinary Shares. Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the part of the Prospectus headed: "Summary Information" are the key risks associated with an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in that part but also, among other things, the risks and uncertainties described below.*

*The following factors do not purport to be a complete list or explanation of all the risk factors involved in investing in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties that are not currently known to the Company, or that it currently deems immaterial, may individually or cumulatively also have an adverse effect on the Group's business, results of operations, financial condition and prospects. If this occurs, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should also consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.*

### **RISKS RELATING TO THE GROUP AND IF THE ACQUISITION BECOMES EFFECTIVE, THE ENLARGED GROUP'S BUSINESS**

*The Enlarged Group operates in a competitive market. The costs associated with remaining competitive may be too great for the Enlarged Group to successfully compete and gain market share*

The Enlarged Group is operating in a competitive market and faces competition from a large number of other telecoms companies, some of which are well established, with well-known brand names and have significantly larger marketing budgets and financial resources than is currently available to the Enlarged Group. This competition is expected to increase as a result of the move towards full fibre networks by no later than 2025. The Enlarged Group hopes to attract customers through attractive pricing of its services and through the Enlarged Group's easy to use proprietary software, however, there may be competitors who come to the market and offer a similar service on similar or better terms as the Enlarged Group which may result in the Enlarged Group losing its expected competitive advantage or being unable to successfully compete with the funds available to the Enlarged Group. If the Enlarged Group is unable to compete, the prospects of the Enlarged Group will be materially affected.

*An increase in supplier costs could result in significantly reduced gross profit margins, damaging the financial prospects of the Enlarged Group*

The Enlarged Group has agreements in place with a number of wholesale suppliers at advantageous prices. There can be no assurance that the suppliers will continue to supply the Enlarged Group at these prices, particularly in the event of the Enlarged Group failing to meet its

targets and proposed sales volumes. In this event the suppliers may increase their prices without the Enlarged Group being able to pass on these price increases on to their customers, if this were to occur it is likely that it would have a significant impact on the financial results of the Enlarged Group.

***The Enlarged Group is dependent on the supply of certain products and services which would materially adversely affect the prospects of the Enlarged Group if such supply were terminated***

The Enlarged Group is dependent on third party suppliers for the provision of network infrastructure, network interconnection, IP traffic transit, equipment and associated services. The performance of equipment and services purchased from third party suppliers is not guaranteed to be error free or to ensure 100 per cent. service availability and any such performance failures could adversely affect the level of service the Enlarged Group delivers to its customers. Any breakdown or change in the Enlarged Group's relationships with its suppliers, any supplier declining to sell products or services to the Enlarged Group for any reason, any material changes in prices, any disruption to the supply of products or services to the Enlarged Group, any supplier having financial difficulties or going out of business and therefore not satisfying orders, or product liability claims relating to products supplied by third parties could have an adverse effect on the Enlarged Group's business. Any failures, shortfall against customer expectations, service degradation or errors could result in claims for damages and credits from customers and could adversely affect the reputation and financial condition of the Enlarged Group.

The Enlarged Group have agreements in place with a number of wholesale suppliers to enable the Enlarged Group to offer its telecoms services to potential customers across the UK. A loss of a significant supplier could result in the geographic coverage of the Enlarged Group's services being limited and could lead to increased losses as potential customers move to alternative telecoms providers.

It should be noted that a number of supplier contracts can be terminated by the supplier in the event, for example, that there is a change of control of the contracting member of the Enlarged Group or the Enlarged Group does not achieve a minimum number of customers within a set period of time or in the event of a change of control. In addition, certain suppliers require that clauses from their terms and conditions flow down to the end user or reseller's terms and conditions. In the event that the Enlarged Group does not fulfil this obligation or its end users/resellers do not fulfil their obligations in respect of these clauses the supplier may be able to terminate the contract with immediate effect.

Should the Enlarged Group be required to change a supplier it may be that the particular products or services provided are difficult and/or time consuming to replace or that the Enlarged Group has to incur additional costs in making the change or is unable to fully replicate the desired functionality. Problems with third party suppliers in relation to quality, willingness or ability to supply and pricing may have an adverse impact on the reputation and financial performance of the Enlarged Group.

***The Enlarged Group is dependent on an outsourced team to carry out day to day sales and specific demand generation campaigns. An increase in the cost or termination of such service could materially adversely affect the prospects of the Enlarged Group***

Part of the Enlarged Group's strategy is to use effective sales to increase the Enlarged Group's customer base. This is delivered through an outsourced third party. Failure to carry out sales campaigns or termination of the contracts could result in the Enlarged Group not growing its customer base as anticipated which could have a material adverse effect on the Enlarged Group if an alternative suitable suppliers cannot be found within a short space of time.

***Technical issues with the Merlin platform, upon which the Enlarged Group is reliant, may materially affect the operations of the Enlarged Group***

The success of the Enlarged Group is largely dependent on the technical capabilities of the Merlin platform. In the event that technical issues were to occur, this could have a significant negative effect on the Enlarged Group's ability to attract new customers and retain existing customers. Technical failures in a competitive market of this nature will adversely affect the reputation and financial condition of the Enlarged Group.

***The Enlarged Group is exposed to credit risk due to the composition of its trade debtors. Issues regarding the recoverability of these debts could have a material impact on the cash flow of the Enlarged Group and adversely affect the Enlarged Group's financial condition and prospects***

The Enlarged Group is exposed to the risk that third parties that owe the Enlarged Group money, securities or other assets may not fulfil their obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons which could have a material adverse effect on the Enlarged Group's cash flows and financial condition.

***The loss of/inability to attract key personnel could adversely affect the business of the Enlarged Group***

The Company is heavily dependent on the continued contribution of in particular key technical and marketing employees due not only to their experience and ability, but also their relationships and business networks, particularly the relationships with suppliers that certain key individuals have developed over a number of years. If such individuals were to leave the Enlarged Group, and the Enlarged Group was unable to attract suitable experienced personnel to compensate for those departing, it could have a significant negative impact on the Enlarged Group's performance.

***An inability to sell more than one product to customers could materially affect the prospects and gross profit of the Enlarged Group***

The Enlarged Group's strategy assumes that the majority of customers will take more than product or service from the Enlarged Group. However there is no guarantee that this will occur or that customers will choose to subscribe for higher margin hosted VoIP and mobile services. An inability to sell a range of products to customers and in particular higher margin services, could adversely affect the Enlarged Group's financial results.

***The technology upon which the Enlarged Group's products and services are based may become obsolete which could affect the prospects of the Enlarged Group***

The sectors in which the Enlarged Group competes are subject to rapid and significant changes in technology, and the technology upon which the Enlarged Group's products and services are based may become obsolete or may not continue to have sufficient market acceptance to create adequate demand. In order to compete successfully, the Enlarged Group will need to continue to improve its products and services and to develop and market new products and services that keep up with technological changes. The Enlarged Group's competitors may introduce such products and services before it does, or the products introduced may be perceived by the market to be superior to those of the Enlarged Group. The Enlarged Group may also incur unforeseen costs in the course of such product and service development including in respect of investment in fixed assets. An increase in the level of capital expenditure and unforeseen expenses of this nature would adversely affect the Enlarged Group's free cash flow.

In addition, changes in technology are altering the nature of how communications services are provided and consumed and reducing the importance of national boundaries. In the future, the Enlarged Group may therefore face increased competition from competitors who are different from those it has competed with historically or those who are based outside the UK.

***The ownership and use of intellectual property by the Enlarged Group may be challenged by third parties or otherwise disputed, leading to unforeseen legal expenses and other factors that may have a material adverse effect on the Enlarged Group's operations***

The Enlarged Group relies and will, in the future, rely on intellectual property laws and third party non-disclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Enlarged Group to protect its products, unauthorised parties may attempt to copy, or obtain and use, its products and the technology incorporated in them. Additionally, intellectual property required by the Enlarged Group to develop, market and sell its products, or the intellectual property belonging or licensed to the Enlarged Group may be challenged by third parties and may not be available to it indefinitely on an exclusive basis.

***The marketing investment estimated to be required by the Enlarged Group may not be sufficient to attract the number of customers that the Enlarged Group intends to target***

The Enlarged Group is still building up its brand awareness and reputation from a low base in order to attract potential customers. The Enlarged Group intends to continue to invest in marketing and



has assumed that there will be a correlation between marketing spend and the number of customers that will be acquired as a direct result of that marketing, however costs of customer acquisition can be variable and unpredictable, influenced by the industry and competition in the market. The Enlarged Group closely monitors the costs of customer acquisition to ensure that the most appropriate marketing activities for the business are undertaken, but there is no guarantee that its marketing activities will result in increased acquisition of customers at the rate expected by the Enlarged Group.

***The Enlarged Group's performance is dependent on maintaining competitive customer service levels. The Enlarged Group is reliant on an outsourced customer service function which if terminated or fails to perform in line with expectations could materially affect the Enlarged Group's prospects***

Part of the Enlarged Group's strategy is to deliver a strong customer service to its customers. The Enlarged Group's customer service function is partly outsourced to a third party. Failure to provide and maintain competitive customer service levels and operational and back-office processes could result in customers moving to other providers, and this could have an adverse effect on the financial position of the Enlarged Group. The Enlarged Group's outsourced and insourced customer service function is carefully monitored to ensure that service level targets are met. In spite of this, risks still remain that the quality of service provided to customers is below that which is expected, which could have a significant reputational impact upon the Enlarged Group. In the event that the Enlarged Group's agreement with the customer service provider was terminated, this could have a material adverse effect on the Company as there could be a delay and costs associated in finding and training a replacement customer service and the Enlarged Group's ability to attract and retain its customers could also be severely affected in the meantime.

***Insurance may not be adequate to cover claims which may arise, leading to additional unforeseen costs that may have a material adverse effect on the Enlarged Group's operations***

Whilst the Enlarged Group holds business insurance relevant to its business, there can be no guarantee that this insurance will provide adequate protection and compensation to the Enlarged Group to cover every conceivable risk. In the event of an event occurring which is not adequately covered by insurance, the Enlarged Group's financial condition and the prospects of the Enlarged Group may be materially adversely affected.

***Matters beyond the Enlarged Group's control could materially adversely affect the Enlarged Group's financial condition and prospects***

The Enlarged Group has identified and can be ready to execute an extensive range of disaster recovery procedures. However, the Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Company labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions which, if they occurred, could have a material adverse effect on the Enlarged Group and its financial condition and prospects.

***Risk management policies and procedures may not be completely effective which could have a material adverse effect on the Enlarged Group's business***

The Enlarged Group's principal risks relate to market risk, operational risk and regulatory and legal risk. Accordingly, risk management and control of the balance between risk and return are critical elements influencing the Enlarged Group's financial stability and profitability.

Operational risk refers to the risk of financial loss resulting from the Enlarged Group's own operations including, but not limited to deficiencies in the Enlarged Group's operating policy and inadequacies or breaches in the Enlarged Group's control procedures. There is no certainty that the Enlarged Group's policies and procedures to mitigate its exposure to market and operational risk will be completely effective. Unforeseen events and changes in the economy may lead to market disruptions and unexpected large or rapid changes in market conditions which may have a significant adverse effect on the Enlarged Group's business and financial prospects and stability.

***The Enlarged Group's infrastructure and systems could be targeted by cyber-attacks, leading to a material adverse effect on the Enlarged Group's operations. In addition, unforeseen costs and reputational damage could arise***

The Enlarged Group's reliance on its infrastructure and systems to conduct its operations puts it at risk of falling victim to cyber-attacks. Cyber-attacks can result from deliberate attacks or unintentional events and may include (but are not limited to) third parties gaining unauthorised access to the Enlarged Group's network infrastructure and systems for the purpose of misappropriating its financial assets, intellectual property or sensitive information, corrupting data, or causing operational disruption. If the Enlarged Group suffers from a cyber-attack, whether by a third party or insider, it may incur significant costs and suffer other negative consequences, such as remediation costs (including liability for stolen assets or information) and repairing any damage caused to the Enlarged Group's network infrastructure and systems. The Enlarged Group may also suffer reputational damage and loss of investor confidence.

***The operating lease in respect of the Enlarged Group's premises in Burnham, Buckinghamshire terminates in May 2020 and the financial obligations in relation to this are not yet known.***

The terms of the lease require the premises to be handed over in 'full vacant possession'. This may require the Enlarged Group to incur substantial costs in order to comply with this obligation, as is customary with many lease surrender provisions, but such amounts are as yet unquantified.

***Any system security breaches could lead to liability under the data protection laws***

The Enlarged Group controls or processes personal data as part of its business. The General Data Protection Regulation came into force on 25 May 2018 and the Enlarged Group is required to comply with GDPR in respect of the processing of personal data, whether carried out by the Enlarged Group or on its behalf, as well as all related policies and procedures. As part of this, the Enlarged Group undertook a review of existing agreements pursuant to which personal data is processed to ensure that such contracts reflected the new requirements of the GDPR.

Failure to comply with the GDPR could result in the Enlarged Group being liable under the GDPR, including a liability for fines. The maximum level of fines under the GDPR is set at either (a) the greater of €10m and 2 per cent. of worldwide annual turnover for the preceding year or (b) the greater of €20m and 4 per cent. of worldwide annual turnover for the preceding financial year.

***Unforeseen events could have a material adverse impact on the Enlarged Group's operations***

Although the Enlarged Group has contingency plans in effect for certain natural disasters, as well as other unforeseen events such as the UK's departure from the EU, that could damage the Enlarged Group's operations, no assurance can be given that any such events will not occur nor that they will not materially interrupt the Enlarged Group's business. In particular, an interruption in the supply of telecom services could have a material adverse impact on the reputation and financial performance of the Enlarged Group.

***Changes in taxation may have a material adverse impact on the Enlarged Group or the potential post-tax returns to Shareholders***

The attention of potential investors is drawn to Part IX of this Document headed "Taxation". The tax rules, including stamp duty provisions, and their interpretation relating to an investment in the Company may change during the life of the Company as may the tax residence of the Company. The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Document are those currently available and their value depends on the individual circumstances of investors. Any change in the tax status of any member of the Enlarged Group or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the equity interests held by the Company, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders given that statements made in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is subject to change.

***Legal proceedings and litigation could materially affect the Enlarged Group's operating results, financial condition and prospects***

By the very nature of the Enlarged Group's business, it is expected that from time to time the Enlarged Group will be subject to complaints or claims in the normal course of business. There is



no certainty that such claims or complaints will not be material and that any settlements, awards or legal expenses associated with defending or appealing against any decisions in respect of any such complaints or claims will not have a material adverse effect on the Enlarged Group's operating results or financial condition. The Enlarged Group's business may be materially and adversely affected if the Enlarged Group and or its employees or agents (such as the outsourced customer services centre) are found not to have met the appropriate standard of care or exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

**Material uncertainty related to going concern if the Acquisition and associated Placing and issue of Loan Notes does not proceed**

The latest audited accounts of Toople for the year ended 30 September 2019 show that it was loss making and not cash generative. Group cash levels reduced during the year to £497,000 and have diminished further since the year end. The loss position increased to £1,673,000 in the year and net assets fell significantly to £305,000. In the event that the Resolutions required to implement the proposed Acquisition, associated Placing and issue of Loan Notes are not approved by Shareholders, Toople will need to raise funds from other sources.

**RISKS RELATING TO THE ACQUISITION AND SPECIFICALLY TO DMS HOLDING**

***The Enlarged Group may fail to realise, or it may take longer than expected to realise, the expected benefits of the Acquisition***

The Enlarged Group may not realise the anticipated benefits and cost synergies that the Directors expect will arise as a result of the Acquisition, or may encounter difficulties, higher costs or delays in achieving those anticipated benefits and synergies. Any failure to realise the anticipated benefits and cost synergies that the Company expects to arise as a result of the Acquisition, or any delay in achieving such anticipated benefits and synergies, could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

***Completion of the Acquisition is subject to a number of conditions which may not be satisfied or waived.***

The implementation of the Acquisition is subject to the satisfaction (or waiver, where applicable) of a number of Conditions, including the approval of the Resolutions set out in the Notice of GM by Shareholders of the Company at the General Meeting. There is no guarantee that these (or other) Conditions will be satisfied (or waived, if applicable), in which case the Acquisition will not be completed. The Conditions are set out in more detail in Part X of this document.

***DMSL is dependent on outsourced teams to carry out day to day sales and support functions. An increase in the cost or termination of such service could materially adversely affect its future prospects***

DMSL delivers sales and support functions through outsourced third parties. A termination or change in the contracts could have a material adverse effect on DMSL if alternative suitable suppliers cannot be found within a short space of time.

***DMSL currently uses a third party billing platform. A technical disruption or failure of this business materially adversely affect DMSL's trading***

DMSL currently bills its customers using a third party platform. It is proposed that its customers will be migrated to the Merlin platform following the Acquisition but in the event that this supplier suffers technical or business failure before the migration, DMSL's operations would be severely impacted.

***The loss of/inability to attract key personnel could adversely affect the business of DMSL***

DMSL is heavily dependent on the continued contribution of a number of key members of staff who have been employed for a number of years. If such individuals were to leave DMSL following the Acquisition and suitable experienced personnel could not be recruited to replace them, it could have a significant negative impact on DMSL's future performance.

## **RISKS RELATING TO THE INDUSTRY IN WHICH THE ENLARGED GROUP OPERATES**

### ***The pricing environment in the telecoms industry could become more difficult than anticipated***

Prices for many telecom products have declined consistently in recent years, through a combination of regulatory intervention and market competition. These declining price trends are expected to continue. It is possible that the pricing environment could become more difficult than currently anticipated by the Enlarged Group, and this could have an adverse impact on the Enlarged Group's revenues and profit margins.

### ***Changes in governmental regulation could adversely affect the Enlarged Group***

Unforeseen regulatory changes changing the competitive landscape could result in a reduction in profits generated by the Enlarged Group. For example, it is possible that industry regulation will require more competitive pricing to be offered in the market place. Any such revised legislation could negatively impact on the competitiveness of the Enlarged Group's pricing and result in it being more difficult for the Enlarged Group to attract new customers.

### ***The UK telecoms market is subject to regulation by Ofcom, and as such decisions made by regulators directly impact the Enlarged Group and its operations. These regulations could have an adverse effect on the Enlarged Group's business.***

The Enlarged Group's main businesses are principally regulated and supervised by Ofcom as well as by the Government and other regulatory authorities at both a UK and EU level. There is likely to be further regulatory intervention in the future which may have unforeseen impacts on market pricing and services provided by the Enlarged Group at that time. This could include the regulation of services purchased by the Enlarged Group for use in its service offerings, the regulation of services sold by the Enlarged Group and the regulation of services with which the Enlarged Group competes. Regulatory decisions and determinations, such as those made by Ofcom, may be subject to legal appeal through the courts up to and including the European Court. This may result in the need to pursue legal and regulatory action in the future. Decisions made by regulators and the courts could have an adverse impact on the Enlarged Group's financial performance and such impact could on occasion be retrospective.

### ***Fraud and bad debt risk***

Fraud within the telephony industry may arise from customers using services without intending to pay their supplier. Historically the Enlarged Group has relied on direct customers paying by direct debit in an attempt to mitigate the risk of non-payment, however this has proven not to be as effective as intended and there has been a move towards taking payment by regular credit and debit card. The Enlarged Group's wholesale customers are reliant on collecting funds from their own end users which may affect their ability to fulfil their financial obligations to the Enlarged Group. If the Enlarged Group is unable to efficiently manage credit risk the financial condition and results of the Enlarged Group could be adversely affected.

## **RISKS RELATING TO THE ORDINARY SHARES**

### ***The New Ordinary Shares(to the extent issued) will be issued at a premium to the net asset value of the Ordinary Shares. The value of an investment in Ordinary Shares may go down as well as up and there is no guarantee that the prevailing share price will in the future reflect or exceed the net asset value of the Ordinary Shares***

The Placing Price for the Placing is 0.1 pence per new Ordinary Share. The estimated net current asset value of the Group was approximately 0.027 pence per Ordinary Share as at 30 September 2019. The Placing Price premium to net asset value of approximately 0.073 pence per Ordinary Share places an intangible value on the strategy proposed by the Board, the human capital contained in the board and its employees, the perceived value of Merlin (which to date has not been significantly capitalised), as well as reflecting the costs incurred in the Placing. The value of an investment in Ordinary Shares may go down as well as up and there is no guarantee that the intangible value of the strategy will be realised or reflected in the share price of the Company's Ordinary Shares.

***Notwithstanding that application will be made for the New Ordinary Shares to be admitted to trading on the London Stock Exchange, a market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares and an investors ability to realise their returns (if any)***

Notwithstanding the fact that an application will be made for the Ordinary Shares to be admitted to the standard listing segment of the Official List this should not be taken as implying that there will be a liquid market in the Ordinary Shares and, accordingly, it may be more difficult for investors to sell their Ordinary Shares. A return on investment in the Ordinary Shares may, therefore, in certain circumstances be difficult to realise. The share price of publicly traded companies can be highly volatile and subject to wide fluctuations in response to a variety of factors, which could lead to losses for Shareholders. The price at which the Ordinary Shares may trade and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Enlarged Group and some which may affect quoted companies generally. These factors could include the performance of the Enlarged Group's operations, large purchases or sales of shares, liquidity (or absence of liquidity) in its shares, currency fluctuations, legislative or regulatory changes (including changes in the tax regime in the jurisdiction in which the Enlarged Group or its investments operate), additions or departures of key personnel at the Enlarged Group, adverse press, newspaper and other media reports and general economic conditions. In addition, stock markets from time to time suffer significant price and volume fluctuations that affect the market price for securities and which may be unrelated to the Enlarged Group's performance. The value of the Ordinary Shares will, therefore, fluctuate and may not reflect their underlying asset value.

The Ordinary Shares may not be a suitable investment for all of the recipients of this document. Before making a final decision, prospective investors are advised to consult an appropriate independent investment adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

***Future issues of Ordinary Shares could be dilutive***

It may be necessary, at some future time, for the Enlarged Group to issue additional Ordinary Shares to fund the growth plans of the Enlarged Group. Any such issue (including the issue of the New Ordinary Shares) would dilute the interests of Shareholders and could impact upon the price of the Ordinary Shares. Following the issue of the New Ordinary shares, Shareholders will experience dilution of 67.51%. Such dilution will therefore reduce the interest of existing Shareholders in the Company, proportionately reducing their entitlement to any dividends or other distributions made in the Company, together with their respective voting rights.

***If the Warrants are exercised, Shareholders may be diluted***

The exercise of the Warrants and any warrants or options which may be granted in the future will result in a dilution of Shareholders' interests.

***The Company may not pay dividends***

The Company has paid no dividends to date. There can be no assurance as to the level or frequency of future dividends, if any. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the directors of the Company, and will depend on, amongst other things, the Company's earnings, financial position, cash requirements and availability of profits.

***Regulatory Protection***

A standard listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a premium listing, which is subject to additional obligations under the Listing Rules. Further details regarding the differences in the protections afforded by a Premium listing or against a Standard listing are set out in Part III entitled "Consequences of Standard Listing".

***The nature and amount of tax which members of the Group expect to pay may change***

Any change in the Company's or its subsidiaries' tax status or in tax legislation could affect the Company's ability to provide returns to shareholders. Statements in this Document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and

practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Enlarged Group expect to pay and the reliefs expected to be available to any member of the Enlarged Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available.

***Investors should therefore consider carefully whether investment in the Company is suitable for them, in view of the risk factors outlined above and the information contained in this Document, their personal circumstances and the financial resources available to them.***

## DIRECTORS, OFFICERS AND ADVISERS

<b>Directors</b>	Andrew James Hollingworth, ( <i>Chief Executive Officer</i> ) Kevin Lawrence ( <i>Chief Financial Officer</i> ) Richard John Horsman, ( <i>Non-Executive Chairman</i> ) Geoffrey Paul Wilson, ( <i>Non-Executive Director</i> )
<b>Company Secretary</b>	WKH Company Services Limited
<b>Registered Office of the Group</b>	PO BOX 501 The Nexus Building Broadway, Letchworth Garden City SG6 9BL
<b>Reporting Accountants to the Company</b>	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
<b>Auditors to the Company</b>	PKF Littlejohn LLP 1 Westferry Circus London E14 4HD
<b>Registrars</b>	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
<b>Company website</b>	<a href="http://www.Toople.com">www.Toople.com</a>

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS OF THE PLACING

2020

Publication of this Document	31 January
Latest time and date for receipt of Forms of Proxy for the General Meeting	9:00 a.m. on 13 February
General Meeting	9:00 a.m. on 17 February
Admission and commencement of dealings in the New Ordinary Shares	8:00 a.m. on 18 February
Crediting of New Ordinary Shares to CREST Accounts	18 February
Ordinary Share certificates dispatched by	28 February

*These dates and times are indicative only, subject to change and may be brought forward as well as moved back, in which case new dates and times will be announced. The times referred to above are references to the time in London, UK.*

## ISSUE STATISTICS

Number of Existing Ordinary Shares	1,143,589,455
Number of Placing Shares to be issued in the Placing	1,200,000,000
Consideration Shares	1,050,000,000
Fee Shares	126,461,680
Enlarged Share Capital on Admission	3,520,051,135
Placing Price per Placing Share	0.1 pence
Estimated Net Proceeds of the Placing receivable by the Company	£920,000
Estimated expenses of the Placing and Admission	£280,000
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	67.51 per cent.
Number of Warrants	1,533,358,131
Number of Options	800,000,000
Number of Ordinary Shares in issue on a fully diluted basis following Admission	5,853,409,266
ISIN	GB00BZ8TP087
SEDOL	BZ8TP08
EPIC/TIDM	TOOP



## **PART I**

### **INFORMATION ON THE GROUP, THE ACQUISITION AND THE PLACING**

#### **1. Introduction**

The Group is a technology focused telecoms group whose aim is to become a leading provider of telecom solutions to the UK SME market. The Group's target market is those SME businesses which have between 1 and 50 employees (the "Target Market"). The Group's services include the provision of cloud based telephony services, broadband over copper, fibre, EFM and Ethernet data services (with call bundles) and mobile services (the "Business"). SMEs within the target market of the Company were estimated to employ 12.9 million people, across 5.7 million businesses in 2018<sup>1</sup>.

Toople has conditionally agreed to acquire the entire issued share capital of DMS Holding in conjunction with the Placing to raise gross proceeds of £1.2 million. The Company has also agreed to issue Loan Notes with a face value of £1,625,000 to HomeSelect Finance pursuant to the Loan Note Instrument. The net proceeds of the Placing together with the funds raised through the issue of the Loan Notes will be used to provide the cash consideration for DMS Holding and to provide general working capital for the Enlarged Group. DMS Holding is the holding company for DMSL, a company which provides unified communication services in the UK. The Directors believe that following the Acquisition, the Enlarged Group will deliver faster growth, achieve material cost synergies and benefit from the complementary skill sets of Toople and DMSL.

The Directors believe that there is demand from UK SMEs for easily accessible, simple to understand, flexible, reliable telecom solutions which are available with minimal delay at an attractive price and accompanied by excellent customer service. The Toople brand and commercial launch of the Business occurred in May 2016 shortly after the Company's Standard Listing on 10 May 2016.

Since launch, the Business has seen good growth in broadband and mobile orders and the hosted telephony system has provided the opportunity to deploy a complete unified communications package to the small business market as envisaged at the time of the Company's Standard Listing. The Group uses the BroadSoft platform for its hosted solution, which is recognised as the leading platform for hosted solutions offering the most customer value added services and service resilience. Deploying the hosted solution to small businesses is, in the Directors' opinion, extremely scalable as all handsets and apps are delivered preconfigured by the Toople portal giving the customer a true "plug and play" experience.

The Group is headquartered in Buckinghamshire, UK and has a developer-team retained in Poland to support and maintain the Merlin platform. In addition the Group outsources sales and certain customer support functions to a specialist organisation based in Durban, South Africa.

#### **2. History and development of the Group and Group structure**

The Company was incorporated on 2 March 2016 for the purpose of becoming the holding company for the Group. The Group consists of the Company and a number of wholly owned subsidiaries (as described in paragraph 2 of Part X of this Document) with the main operating entities being Toople.com Limited and AskMerlin Limited.

Toople.com entered into initial arrangements with network providers and suppliers in July 2015 and gained its first customer in August 2015 as Toople.com sought to bring a small number of customers on-board whilst researching and refining the Group's business strategy. Toople.com's research activities focused on determining customer behaviour and preferences in relation to the Group's services through the use of regular surveys and contact strategies. Feedback from customers was also sought on Merlin's automatic capabilities, messaging and pricing to help shape the Group's business strategy going forwards.

Andrew Hollingworth, the Company's Chief Executive Officer, and Neil Taylor, the Group's former Chief Financial Officer, became involved in the business of the Group in 2015 to develop the business strategy of the Group. The Group was officially formed in April 2016 following incorporation of the Company and the acquisition by the Company of the Subsidiaries (as described in paragraph 2 of Part X of this Document) which led to the Company becoming the holding company of the Group.

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<sup>1</sup> <https://www.gov.uk/government/statistics/business-population-estimates-2018>

The Group's proprietary software, Merlin, is owned by the Company's wholly owned subsidiary AskMerlin Limited. AskMerlin was founded in December 2008 as Merlin Soft Limited, and subsequently adopted its current name in April 2010.

The developers responsible for the development of Merlin were brought in-house in 2016 through the establishment of Ask Merlin ZOO, a wholly owned Polish subsidiary of AskMerlin. The number of developers employed has reduced as the role of the developer team has moved from one of development to primarily support and maintenance of Merlin and in order to manage the Company's working capital.

As at the date of this Document, the Group has 11 employees (excluding the Directors). The Group also outsources a number of services (including website design and customer service). Biographies in respect of the Directors, senior management and consultants are set out in Part II.

### **3. Principal Business Activities and Services**

The Group's service portfolio comprises of hosted telephony services, business broadband, fibre, EFM and Ethernet data services, business mobile phones, cloud PBX and SIP Trunking and Traditional Services (calls and lines) which are delivered and managed through Merlin, the Group's proprietary software platform, to the UK SME market. The Group's services may be sold in isolation or in bundles of multiple services as selected by each customer.

Currently the majority of the Group's customers are signed up to 12 month, 24 month or 36 month contracts (the latter being the case for hosted services) giving the Company the added benefit of visibility over contracted revenue. The Directors continue to believe that the Group's simple services, competitive pricing, customer focus and Merlin platform are highly attractive to the Group's Target Market and will help to win and retain customers on an ongoing basis.

Merlin delivers an automated process via an online customer portal, commencing with the customer obtaining an online quote for their product following which the customer can place an order. Delivery of the services and products required, as well as the ongoing management of the Group's products and services is also managed through Merlin. The Directors believe this online process and, in particular, the ease with which SME customers can obtain an online quote which they can order online and have delivered in a relatively short space of time, provides the Group with a competitive advantage compared to other UK providers targeting the SME market.

#### **Merlin**

The Group owns the intellectual property rights for its software platform Merlin which allows the Group's customers to buy their telecoms solutions online, bespoke to their own organisation, get an instant quote and sign an electronic signature for the services that they require. Merlin also allows a customer order to be managed and tracked online by the customer right through to delivery of the service, installation (where applicable), billing and ongoing management and configuration.

Merlin forms a key part of the Group's offering and as such retain an in-house team of programmers who are focused on ensuring the maintenance of the platform and development where required. Retention of an in-house development team is deemed by the Directors to provide a competitive advantage as any improvements and upgrades can be made without significant delay.

#### **Services**

The suite of services currently offered can be split by the Group into four areas set out below. The services on offer can be taken by a customer individually or as a combined package. The Merlin platform is designed to allow customers to add additional services with ease through its automated functionality which allows SMEs to adapt their package to the changing requirements of their business.

#### **Hosted (SIP Trunking/Cloud PBX)**

Hosted services is a cloud based alternative to the traditional fixed telephony systems that requires no on-site PBX's and no upfront capex costs. Its cloud-based nature means that all features are available anywhere with an internet connection or mobile phone connection. The Group's Cloud PBX is a Broadsoft platform (Broadsoft being the market leading provider in the UK), hosted on the BT Wholesale network. The platform allows the Group to offer a wide range of capabilities such as

calls, conferencing, instant messaging and file sharing. The design of the platform takes advantage of BT's resilient and secure next-generation network offering top of the range coverage and gives customers standard and advanced features expected in modern telephony.

Using a system that is cloud based means that it is quick and easy to set up, manage and use with minimal capital expenditure or advance payment. The Group's hosted service configures automatically and seamlessly integrates with existing communications tools. Advanced features can be chosen via the Merlin cloud based services portal and activated from any device and location, meaning that anything from basic to fully mobilised communications are delivered across a powerful next-generation network. The Group's offering is a fully scalable 'pay as you grow' service featuring complete monitoring and full visibility.

The hosted solution, launched by the Group in late January 2017, offers flexible working so that customers can issue employees with 'one number', instead of separate mobile and fixed lines, thereby enabling them to work from different locations, including home, but still be part of the overall communication service. As part of the hosted solution, the Group launched two simple propositions, Toople.com Classic and Toople.com Premium. These products can be ordered on line or over the phone, with unlimited calls bundles for a fixed monthly fee and come with the handset included in the seat price. Toople.com Premium also provides customers with full phone system functionality and mobility via an additional IOS or Android app on their mobile, tablet or laptop. This enables customers to take their office with them on any device.

### **Business Broadband and Data – Superfast Connectivity**

The Group offers ADSL 2+, FTTC and EFM through four separate providers (BT Openreach, BT Wholesale, TalkTalk Business and Vodafone) allowing the Group to provide the best speed available to a customer's site by comparing availability through each one. The superfast connectivity supports the hosted offering (described below) and allows the Group full end-to-end visibility of customer's calls.

The Group's Superfast Connectivity services include:

- i. Fibre to the cabinet ("FTTC") provided through BT, TalkTalk Business ("TTB") and Vodafone allowing the Group to provide not only the fastest service but have a widespread footprint.
- ii. Ethernet delivering speeds from 1 mbps through to 1 gbps, enabling the customer to make use of the Group's VoIP and Cloud PBX capabilities.
- iii. Ethernet First Mile ("EFM") delivering high speeds over dedicated copper cabling with symmetry of upload/download speeds.
- iv. Asymmetric Digital Subscriber Line ("ADSL 2+") offered through three different carriers and as either a local looped unbundled ("LLU") product or supplied as a shared metallic path facility over a standard analogue line. As well as providing high bandwidth internet access the ADSL2+ offering is well suited to the Group's hosted offering.

### **Business Mobile Phones**

The Group currently has a VSP agreement which allows the Company access to the 02, Vodafone and EE networks.

### **Traditional Calls and Lines**

Customers seeking traditional telephony can choose from a range of call and line options separately from any broadband offering as desired. The Group acts as a reseller of lines supplied by BT Openreach. The Directors believe that once a customer has opted to use their traditional telephony services it puts the Group in a position to demonstrate the reliability and functionality of the Merlin platform, placing it in a good position to provide more up-to-date services to the customer if required by the business.

### **Customer Service and Maintenance**

Customers can choose the way in which they receive after sales service, from the following options:

- online via a customer portal and application;

- online via e-chat with the Group's service agents; or
- via telephone with the Group's customer support agents.

This allows SMEs to choose the customer service route which is best suited to them which the Directors believe is more likely to lead to higher levels of customer satisfaction and ultimately customer retention. The Group has customer service staff based both in the UK and in Durban, South Africa. The Group has worked closely with the customer service centre to ensure that appropriate training, monitoring and service level agreements are in place.

### **Pricing**

The Group seeks to offer competitively priced solutions, where possible providing customers with a disruptive proposition against incumbent market players. The Group's pricing strategy seeks to offer customers the ability to have fixed price telephony and data with minimum upfront costs. Customers enter into a choice of 12, 24 or 36 month contract with service charges paid in advance and any overage outside of their bundles paid in arrears.

### **Wholesale customers**

In addition to the Group's SME customer base to which the Group directly provides telecoms services, the Group also provides telecoms services (minutes, lines, broadband and cloud PBX) indirectly to end users through a number of wholesale customers. These end users or "indirect customers" have no exposure to the Group or the Merlin platform and deal directly with their own provider (the wholesale customer of the Group).

Wholesale customers place orders with the Group based on the requirements of their own customers. Typically the wholesale customers have entered into agreements with the Group for a minimum period of 24 months. The Group's wholesale services, including billing functionality, are provided through Merlin. The Group's wholesale customers and their end-users do not have access to Merlin's intellectual property or its full functionality and customer facing portal, therefore, the Directors do not believe that the Group's wholesale services have an impact on the Group's ability to differentiate itself in the market from other telecoms providers (including the Group's wholesale customers). The automated billing functionality of the Merlin platform provides the Group's wholesale customers with a white-label billing service (noting that invoices are issued in the name of the wholesale customer and not the Group).

## **4. Objective and strategy**

The Group's services are targeted at SMEs (in particular targeting those SMEs with between 1 to 50 employees). The Group's objective is to be the easiest telecoms company to do business with at a disruptive and transparent price with service that leads the market and that delivers growth and value for the Company's Shareholders.

The Group's strategy for achieving its objective is to:

- attract direct SME customers through the offer of competitively priced hosted telephony, fast business broadband, and mobile with the intention of selling additional services to customers at a later stage and a strong focus on customer service and positive customer experience;
- meet the needs of the Group's Target Market and continue to monitor and observe these needs and adapt accordingly. Currently the Directors believe these needs will be satisfied by offering a flexible but simple solution (leveraging off an extremely sophisticated automated software platform) at a fixed known cost which works wherever the customer is and whichever device they choose to use;
- provide a competitive and resilient solution which delivers exceptional customer service to all customers, allowing customers to choose the method of customer service delivery which best suits them and targeting high levels of customer retention. The Directors believe customer retention will be aided by the Directors and senior management team's experience and abilities to recognise trends within the industry through ongoing assessment of the market.

## **Marketing and advertising campaign**

The Group has continually reviewed and adapted its marketing, advertising and customer journey since launch of the Business and expects to continue to do so in an effort to ensure that the cost of acquisition is balanced with the contribution generated by each customer

Toople's approach to customer acquisition is to deploy a marketing and advertising strategy aimed at delivering high-levels of online market penetration, either directly or via affiliate sites in order to increase brand awareness. The focus is on attracting customers through the quality and transparency of Toople's products and retaining them through their service experience once they are live. This provides opportunities for us to progressively grow the number of solutions they purchase.

In July 2019, Toople established an outsourced sales centre in Durban, South Africa. SME business owners typically respond best to the Company's digital marketing activities when they have finished work for the day and they are able to communicate with live sales agents on their desktops, mobiles or tablets. The Durban facility considerably enhances Toople's sales capability, extending working hours into the evenings after 8 p.m. and at the weekends, which traditionally are peak times for SME enquiries. Conversion rates since July are good and comparable to those achieved by the UK team. The impact is an overall lower cost of acquisition per customer and revenue generating unit, which is expected to deliver margin improvements over the medium term.

The cost per customer acquisition ("CPA") is currently in the range £40 to £91. This is based on the actual amount payable to affiliate marketing and comparison sites where a Toople customer signs up through their website (or over the phone). The actual amount payable depends on the comparison site used and whether the order is made on-line or over phone. The CPA range above also captures the direct costs involved in acquiring customers through the Group's outsourced sales and marketing team: the cost of e-direct marketing campaigns and marketing is divided by the number of customers gained. The cost of obtaining a customer lead (only a portion of which will result in Toople gaining a customer) is in the region of £5 to £25 (this is based on the cost of obtaining potential customer leads arising from the activities carried out by the outsourced marketing and sales team. The cost of a lead is included in the CPA range above.

## **5. Suppliers, network and infrastructure**

The Group does not own any telecommunications infrastructure itself but is dependent on the use of the networks of telecommunication wholesale companies. The Group has secured wholesale agreements with a number of network providers including TalkTalk Business, BT Openreach, BT Wholesale and Vodafone which allows the Group to provide its services throughout the UK. All wholesale suppliers have been interconnected (via API) with Merlin to maintain the fully automated capabilities of the platform for each prospective and existing customer.

Merlin selects the most appropriate provider for the customer based on their location versus strength of network coverage versus speed in order to deliver the customer the optimum connectivity that is available to them.

## **6. Overview of the Telecoms Market for SMEs<sup>2,3</sup>**

In 2018 there were around 5.7 million SME businesses in the UK. Of this figure, the majority (99%) fall into the category of having less than 50 employees and therefore representing the Group's Target Market. Within this space BT Group are the largest telecoms provider, receiving circa 50% of all fixed line revenues.

For the Group's Target Market, the Directors estimate that market for business network access and calls was worth £585m for Q1 2015. The lines market in Q1 2015 was 7,680,000 lines whilst the hosted market was between 2.2-2.4m seats in 2015, with in excess of 500,000 added in the year.

The Directors identify the Group's key competitors in the business broadband market at present as Virgin Media, Daisy Group Limited ("Daisy"), BT Business, TalkTalk Business and Vodafone. Daisy are focused on the SME market and position themselves as one of the largest independent service providers through an indirect model, selling their services via third parties. Vodafone have strong branding due to their presence in the mobile industry and remain focused on mobile as an entry to their customers. Virgin have recently relaunched into the SME segment, focusing on connectivity.

<sup>2</sup> <https://www.gov.uk/government/statistics/business-population-estimates-2018>

<sup>3</sup> [www.ofcom.gov.uk/\\_data/assets/pdf\\_file/0027/37755/bb-for-smes.pdf](http://www.ofcom.gov.uk/_data/assets/pdf_file/0027/37755/bb-for-smes.pdf)



During the past several years a number of large established telecoms companies have sought to target the SME market, the Directors believe that the offerings of these larger companies are not sufficiently flexible or tailored for the SME market and that the size and management policies of these telecoms companies restricts them from being able to readily react to the changing needs of an SME customer.

In recent years there has been an increasing interest in advanced fixed voice telephony features among SMEs. Due to the connectivity requirements for these services, the hosted market (encompassing SIP Trunking and cloud PBX services) has seen significant growth as increasing numbers of SMEs have adopted hosted services. The growth over recent years has seen the number of seats increase from 1.1 – 1.3 million in December 2013, to 3 million in June 2017 demonstrating a growth rate in excess of 11% for each six month period (Source: Cavell Group).

Quality of service is crucial within the hosted market as VoIP services and cloud-based applications require significant upload and download capabilities to ensure services are delivered to SMEs as required.

Openreach have announced that PSTN, the legacy copper telephone infrastructure will come to the end of its life in December 2025 and VOIP will become the standard protocol for landline voice calls. Virgin Media have also confirmed that it too will phase out its PSTN network on a similar timescale. As a result, over 16 million telephone lines, including those using ISDN services, will need to be transferred to IP-based networks and will result in clearer phone calls and the ability to have separate broadband and telephone service providers.

## **7. Market opportunity**

Market research performed by Ofcom has uncovered a number of issues faced by SMEs in identifying telecoms providers, selecting the services required and ultimately receiving those services without significant issue. Some of these issues are summarised below.

### *i. SMEs find information about suppliers and tariffs difficult to compare*

The Group aims to mitigate this risk and increase costing clarity through its fully automated ordering and quoting process which can be accessed by any prospective customer on their website. Applications built into the website allow for comparison with other suppliers on a like for like basis.

### *ii. SMEs find it difficult to identify the services required by their business*

The flexibility of the Group's offerings allows customers to add additional offerings to their bespoke telecoms packages at any point during the life of their contract, allowing for services to compliment the changing needs of a business.

### *iii. A significant number of SMEs report issues in switching provider*

Many SMEs experience at least one issue when switching. The Group aims to tackle this through its UK based customer services team which will be grown as appropriate in conjunction with an increasing customer base.

### *iv. Quality of Service*

Dissatisfaction is highest among SMEs with ADSL services and in particular in relation to some aspects of broadband quality of service. Research by Ofcom in 2016 found that 47% of SME internet users reported experiencing issues with internet connectivity in the last 12 months, including speed, ability to access the speed paid for, and connection reliability. A minority of SMEs (13%) are also dissatisfied with the speed of fault resolution. Quality of service is of significant importance to SMEs as all businesses have a lower tolerance for outages than residential consumers. Reliable services underpins an SMEs ability to serve their customers. The Group aims to ensure high quality service and mitigate the risk of the Group's customers encountering commonly reported issues as far as is possible.

### *v. Broadband availability*

Whilst broadband coverage for SMEs has grown it lags behind the UK as a whole resulting in some businesses lacking download speeds that are sufficient for certain key business activities. It is estimated that 7% of SMEs do not have an acceptable broadband service (compared with 4% for the overall population) and 84% of SMEs have access to superfast broadband (compared with 91%

for the overall population) yet this falls to 74% for those businesses located in business parks and trading estates.

As superfast broadband continues to be rolled out the increase in availability will lead to not only a larger market in which the Group is able to operate, but also generate new customers that have not entered into previous relationships with other suppliers. The rollout of superfast broadband is expected to be accelerated as a result of recent regulatory rulings and government policy intentions.

*vi. SMEs using personal/residential contracts*

Ofcom research performed in June 2015 identified that 23% of landline customers, 26% of broadband customers and 50% of mobile customers were using personal/residential contracts for their business needs. This was due to a range of factors, including customers stating business contracts were too expensive and their personal contracts were sufficient for business needs. While a certain portion of the Group's Target Market may be unlikely to change to a business contract if they deem it to be unnecessary, those who refrain from doing so over pricing issues can be targeted by the Group due to the Group's competitive pricing strategy.

In relation to the hosted telephony market, market analyst forecasts (Cavell Group, February 2017) predict strong growth over the next 2 years with Broadsoft having the largest market share of hosted platform providers in the UK. The hosted telephony market offers potentially higher profit margins in comparison to the mature broadband and mobile markets which are also more crowded markets from a competitive point of view, which in the Directors' opinion, presents a significant opportunity for the Group. The Cavell Group also report that the SME market is seen as the driving force behind growth in the hosted market.

The Board believes that there is a clear market opportunity for a value provider of broadband and telecom services to UK SMEs. Economic uncertainty, means small business customers need value and pricing certainty. That creates real opportunity for a value challenger, offering simple, affordable, reliable, good customer service and fair connectivity.

The strategy of the Company is to create, through a combination of acquisitions and organic growth, a substantial UK providers to the SME and mid-market of telecommunications services and solutions. The Company further intends to provide its customers with a product set including access, hosting, voice, managed services and mobile. The Company intends to provide a comprehensive portfolio of products from a single operating platform and on a single bill.

The Company will seek to cross-sell new products to existing customers and to create a "one-stop-shop" for converged communications solutions. The Directors believe that such an offering will also help to reduce customer churn. Toople's country of operation is the United Kingdom.

## **8. Telecoms Regulation in the UK**

The Group is classified as a UK telecoms operator and is subject to the Communications Act 2003 (the "Communications Act"). The Communications Act implements in part a number of EU directives from 2002 which sought to modernise telecoms regulation within the European Union.

As a result of the introduction of the Communications Act, the Office of Communications ("Ofcom") was established and tasked with the practical implementation of the Communications Act. The Communications Act itself abolished an existing requirement for telecoms operators to hold a license in order to provide networks and services and instead introduced a number of general conditions that must be complied with ("General Conditions"). It is therefore a requirement for the Group to comply with these General Conditions, in order to self-certify its ability to operate within the telecoms market in the UK.

The recent consolidation activity in the mobile sector should allow for a wider distribution of mobile in the trade market. Ofcom is keen to ensure that the recent and potential activity is not anticompetitive. Any material change to the industry and in particular regulation and anticompetitive policies will materially affect the ability of the Group to compete in the market.

On 25 February 2016, Ofcom published its initial findings from its Strategic Review of Digital Communications, which focuses on five key areas:

- the guarantee of universal broadband availability at a sufficient speed to meet modern consumer needs;



- support for investment and innovation in ultrafast broadband networks (such as fibre to homes or businesses) by giving BT's competitors improved access to its infrastructure;
- improvements in the quality of service delivered by the whole of the telecoms industry, including Openreach, BT's access network division;
- increased independence of Openreach from BT so that it is more responsive to all of its customers; and
- consumer empowerment so that people can understand the array of choices available to them and are able to switch to the best value deal easily.

In response to the phasing out of PSTN services, Ofcom has sought to promote competition between providers whilst maintaining customer confidence in call services and encouraging simpler interconnection between fixed networks. It is keen to see a voluntary-led migration, where customers actively choose to adopt a new VoIP service, as opposed to being compelled to move as the end of PTSN approaches.

## **9. Proposed Acquisition of DMS Holding**

### ***Introduction***

Toople has conditionally agreed to acquire the entire issued share capital of DMS Holding from the current owners, John and Juli Carter, the consideration for which is £1.56 million, to be satisfied by a cash payment of £460,000 (subject to an adjustment at completion for any deficit in working capital), the issue of the Consideration Shares and the issue of the Options, pursuant to the Acquisition Agreement further details of which are set out in paragraph 12 of Part X of this document. The Acquisition is conditional upon, *inter alia*, approval of the Resolutions at the General Meeting, the receipt of the proceeds of the issue of the Loan Notes and the completion of the Placing.

The Company has adopted the Loan Note Instrument pursuant to which HomeSelect Finance has provided a commitment to subscribe for all of the Loan Notes constituted by the Loan Note Instrument for a total consideration of £1,255,633 which the Company shall drawdown immediately prior to completion of the Acquisition. The funds from the drawdown under the Loan Note Instrument and the Net Proceeds of the Placing will be used to fund the payment of the cash consideration payable by the Company on completion of the Acquisition and for working capital purposes. The Loan Notes issued by the Company to HomeSelect Finance pursuant to the Loan Note Instrument shall be secured by Debentures to be issued by DMSL and DMS Holding.

On completion of the Acquisition, a new service agreement will be entered into between John Carter and DMS Holding pursuant to which John Carter shall continue to act as a statutory director of the DMSL business for an annual salary of £100,000 per annum and shall be entitled to participate in the Enlarged Group's health and life assurance and pension schemes. As the Company has yet to formally adopt a Group employee share option scheme, on completion of the Acquisition the Company and each of John Carter and Juli Carter will enter into the Option Agreements pursuant to which the Company will grant options to John Carter and Juli Carter to subscribe for (i) 25,000,000 new Ordinary Shares each at 0.01 pence per share which shall vest three years after the date of the Option Agreement; and (ii) 375,000,000 new Ordinary Shares each 0.01 pence per share which shall vest in three equal tranches three years after completion of the Acquisition subject to certain financial targets for DMSL having been met in each financial year.

The Directors believe that the Acquisition will enable Toople to deliver significant growth at a faster rate than would be achieved organically and provide the opportunity for material cost synergies to be implemented, which the Directors estimate will amount to up to £50,000 per month post integration. The DMSL team have significant experience of cloud based telephony, sales verification processes and delivering quality customer experience.

In the year ended 30 April 2019, DMSL achieved a profit after tax of approximately £320,000.

### ***History and Background on DMSL***

DMS Holding was incorporated in January 2017 to become the holding company for DMSL, a company which provides unified communication services in the UK. DMSL commenced trading in 2002 and has over 15 years' experience of providing broadband connectivity, mobile and fixed voice

and cloud services. DMS Holding is owned by its founder John Carter and Juli Carter, wife of John Carter.

DMSL currently offers a portfolio of business services and products, from a single phone line to a multi-site unified comms VoIP platform, delivered via a network of telecoms and IT carriers and content providers across the UK including BT Business, BT Global Services, Gamma , EE, Vonage, Talktalk Business and 02.

DMSL's operations are based in leasehold premises in Bishop's Stortford where it employs 19 staff. In addition it outsources its sales and support functions to a specialist provider based in Durban, South Africa with a team of circa 30 full time employees and it outsources its IT function to a supplier based in Brisbane, Australia.

### ***Principal Business Activities of DMSL***

DMSL offers a portfolio of unified communication services. It does not own any telecommunications infrastructure itself, but is interconnected with global carriers and contents providers on a wholesale basis;

- i) Broadband for business from BT Business, BT Superfast and Ultrafast, Plusnet, Enterprise and Bonded ADSL;
- ii) Broadband for home from BT offering download speeds of between 10 – 300Mb;
- iii) Traditional calls and lines – PSTN, ISDN, Fax to email, Conference Calling and Call Handling;
- iv) Business Connectivity offering a range of services for businesses requiring superior connectivity than broadband including leased lines, private circuits and SIP trunking;
- v) Unified VOIP Telephony services from BT, Gamma and Vonage which combine voice and data using IP phone communications technology to remove the need for a traditional phone and reduce call charges;
- vi) Mobile for Business – smart phone, dongle and mobile hotspot solutions from BT and M2M SIM solutions from EE;
- vii) Mobile for Home – SIM only plans from BT;

WiFi solutions for the hospitality and retail industries which provide customers with connectivity, capture customer data and enable marketing engagement with customers through a proprietary platform. By offering this extensive range of services, DMSL are able to deliver multiple solutions to its customers enabling them to adopt an integrated communications strategy and to migrate users to cloud based platforms.

### ***Operations***

DMSL has two types of customer relationship:

- i) the customer is owned by BT and DMSL receives upfront and ongoing remuneration from BT, representing approximately 90% of turnover; and
- ii) the customer is owned by DMSL representing approximately 10% of turnover .

The BT relationship has been in existence since the inception of DMSL. DMSL is currently one of only seven Premier Partners and has an active base of over 250,000 business broadband customers which it manages and for which it receives remuneration each time the user renews its contract and or adds additional services.

DMSL's own customers are acquired from direct marketing and from reseller introductions. This results in DMSL owning the enterprise value of the customer and contract entitlement. The main growth is driven by connectivity orders and orders for DMSL cloud based telephony platforms, typically all customers sign minimum 3 or 5 year contracts.

There are three routes to market for attracting new Revenue Generating Units. The first is direct marketing which accounts for c.80% of new orders. The Durban based team continually monitor superfast roll out programmes from carriers across the UK, then engage with the customers who will get faster speeds and become eligible for true unified comms solutions, resulting in the current and future growth in DMSL sales. The second is via a network of over 200 resellers who are local IT businesses supporting LAN and WAN infrastructure for their clients and to whom DMSL provide

installation expertise and on-going support, sharing revenues on a 50:50 basis. The third is additional RGU orders from the existing active base of BT business broadband and leased line customers managed by DMSL.

### ***Market overview***

DMSL targets the SME business market that Toople is focused on and in addition has some residential customers. DMSL has a particular expertise in SME cloud unified communication which is forecast to grow from 16% penetration in 2017 to 40% by 2022. In companies employing less than 50 staff, this represents a potential target market of over seven million users (Source: Cavell Group).

The telecoms market is in a period of significant change as a result of the transition to a full fibre network with significant focus and investment from the Government to deliver the new gigabit infrastructure by 2025 which will be preceded by a moratorium on selling new lines using this technology from 2023. In addition, the impending introduction of 5G and the desire for faster broadband speeds, expected to reach 1 Gbps in the foreseeable future, offer significant market opportunities.

The desire by Ofcom to encourage voluntary switching by users ahead of the end of PSTN services presents a significant opportunity to DMSL to switch both current customers and new users to VOIP services ahead of the deadline.

### ***Directors and Senior Management***

#### **John Carter, Managing Director**

John Carter founded DMSL in 1998 having spent over 20 Years in the IT sector with a Japanese company, Brother Industries, Ltd, at Director level. John has engaged and managed long-term relationships with BT, Talk Talk, Gamma and Vonage. Consistently delivering growth and profit.

#### **Juli Carter, Director**

With a background in HR, Juli Carter has managed this department within DMSL for over 20 years.

#### **Sue Moss, Head of Finance**

With 30 years' experience in managing the finances for small businesses in various sectors, Sue Moss takes care of the accounts for DMSL using Sage software, ensuring the company's VAT and Tax Liabilities are kept up-to-date.

#### **Nikki Kavanagh, Head of Sales**

Nikki Kavanagh has over 20 years' experience in the IT/ Telecoms market. Nikki runs the Sales Team and oversees the Call Centre activity.

#### **Ashley Nicholls, Channel and Partner Director**

With many years' experience in this sector, Ashley works closely with Key Accounts to maximize all opportunities.

#### **Daniel Gellard Technical Manager**

Daniel Gellard heads up the Technical Support team offering support to Resellers and Customers. Daniel also attends and manages presales processes.

#### **Claire Poole Head of Administration**

Claire manages the Sales Administration Team, who manage the billing processes and order management.

## **10. Trends**

The Directors believe that the telecoms industry will see significant change over the next five years, as industry leaders and the Government continue to agree a timetable for switching off copper broadband services and to implement full fibre broadband to replace existing copper networks on a region-by-region basis by 2025.

In practice this means that some seven million PSTN lines and around three million ISDN circuits are due to be retired by 2025. All legacy phone systems need to change. The Directors consider that this represents a significant opportunity for the Group, as all its propositions are built on next

generation technology and future proofed to take advantage of this imminent migration. The Directors also expect to see a sharp increase in demand for cloud-based technology solutions.

## 11. Dividend policy

To date the Company has not declared or paid any dividends on the Ordinary Shares. The Company currently intends to pay dividends on future earnings, if any, when it is appropriate to do so. Any decision to declare and pay a dividend will be made at the discretion of the Board and will depend on, among other things, the Company's results of operations, financial condition, solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

## 12. Share Capital, Liquidity and Capital Accounting Policies

### (a) Share Capital

The Company was incorporated on 2 March 2016 under the Companies Act 2006. Details of the current issued Ordinary Shares of the Company are set out in paragraph 3 of Part X "Additional Information". The currency of the securities issue is Pounds Sterling. As at Admission, the Enlarged Share Capital will comprise of 3,520,051,135 Ordinary Shares of 0.0667 pence each.

All of the issued Shares will be in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the share register. Temporary documents of title will not be issued. The ISIN number of the Shares is GB00BZ8TP087. The SEDOL number of the Shares is BZ8TP08.

### (b) Liquidity and capital resources

#### i) Sources of cash and liquidity

The Company's source of cash will be the balance of funds available from the funds held by the Company at the date of the Document, the Loan Note debt facility and the Net Proceeds available to the Company from the Placing. The Company will use such cash to fund: (i) the cash consideration of the Acquisition and expenses of the Placing and Admission; (ii) the acquisition of DMS Holding and (iii) on-going costs and expenses (including in relation to the Company's shares being traded on the London Stock Exchange's main market for listed securities).

#### ii) Cash uses

The Company's principal use of cash (including the Net Proceeds) will be to fund the intended work programs as noted below. The Company's current intention is to retain earnings for use in its business operations and it does not anticipate declaring any dividends in the foreseeable future. Cash will also be used to pay the Directors' salaries.

#### *Budget Expenditure*

#### **Gross consideration for the Acquisition (including expenses of the Placing and Admission)**

#### **Total**

£

741,148

**741,148**

#### iii) Indebtedness

As at the date of this Document, the Company has no guaranteed, secured, unguaranteed or unsecured debt. However, the Company does have contingent indebtedness constituting £1,625,000 face value zero coupon secured loan notes repayable on 31 December 2022 and secured by the Debenture as more particularly described in paragraph 12.18 of Part X of this Document

The Company may incur further indebtedness to finance future acquisitions and to fund its liquidity needs. Such indebtedness may expose the Company to risks associated with movements in prevailing interest rates. Changes in the level of interest rates can affect, among other things: (i) the cost and availability of debt financing and hence the Company's ability to achieve attractive rates of return on its assets; (ii) the rate of return on the Company's uninvested cash balances. This exposure may be reduced by introducing a combination of fixed and floating interest rates or through the use of hedging transactions (such as derivative transactions, including swaps or caps).

Interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and will not be carried out for speculative purposes.

iv) Capitalisation and indebtedness illustration

The table below setting out the Company's capitalisation and indebtedness position has been included for illustrative purposes only.

## CAPITALISATION AND INDEBTEDNESS

v) Company

### Capitalisation

The following table shows the Company's capitalisation as at 30 September 2019, as extracted from the Company's Audited Financial Statements as at that date:

	<b>Audited As at 30 September 2019 £</b>
<b>Total Current Debt</b>	
- Guaranteed	—
- Secured	—
- Unguaranteed/Unsecured	—
<b>Total Non-Current Debt (excluding current portion of long-term debt)</b>	
- Guaranteed	—
- Secured	—
- Unguaranteed/Unsecured	—
<b>Total debt</b>	—
<b>Shareholder's Equity</b>	
a) Share capital	762,774
b) Share premium	5,412,561
c) Merger reserve	(25,813)
d) Share-based payment reserve	255,099
e) Accumulated deficit	(6,100,080)
<b>Total capitalisation</b>	<b>304,541</b>

There have been no material changes to the Company's capitalisation since 30 September 2019.

## Indebtedness

The following table shows the Company's indebtedness as at 30 November 2019:

	Unaudited As at 30 November 2019 £
A. Cash	234,055
B. Cash equivalent	—
C. Trading securities	—
D. <b>Liquidity (A) + (B) + (C)</b>	234,055
E. Current financial receivable	
F. Current bank debt	—
G. Current portion of non-current debt	—
H. Other current financial debt	—
I. <b>Current Financial Debt (F) + (G) + (H)</b>	—
J. <b>Net Current Financial Indebtedness (I) – (E) – (D)</b>	
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	—
N. <b>Non-current Financial Indebtedness (K) + (L) + (M)</b>	—
O. <b>Net Financial Indebtedness (J) + (N)</b>	

As at the date of this Document, the Company's sole indebtedness constitutes £1,625,000 face value zero coupon secured Loan Notes repayable on 31 December 2022 and secured by the Debentures as more particularly described in paragraph 12.19 of Part X of this Document.

## 13. Regulatory Disclosures

Summaries of the announcements made by the Company under the Market Abuse Regulations in the twelve months preceding the date of this Document are set out below:

### 13.1 Trading Update

On 17 September 2019, the Company announced stating that it had enjoyed strong growth in July and August 2019, adding 1,300 and 1,000 new customer orders respectively in these months, which are expected to deliver additional revenues over and above the £500,000 incremental revenues arising from contracts signed in May 2019. The announcement also reported on the new sales facility opened in South Africa which had been a major success and had lowered the overall cost of acquisition per customer and revenue generating unit, and would aim to deliver margin improvements over the medium term.

### 13.2 New Contracts signed

On 1 July 2019, the Company announced that it had experienced strong growth in customer acquisition since the half year end and that the Company received over 900 new orders in April 2019 and over 1,000 orders in May 2019. This growth continued into June 2019 with over 1,100 orders received from over 800 new customers. The contract value of new customers signed in May 2019 amounted to revenue in excess of £500,000 for the Company over a 24 month period. The Company re-iterated its investment in creating an in-house sales and marketing channel and its objective to achieve a larger volume of new customer enquiries. The Company announced the opening of its new sales facility Durban, South Africa in July 2019 to enhance the Company's sales capabilities.

### 13.3 Repayment of Debt & Private Placing

On 28 May 2019, the Company announced that it had raised gross proceeds of £662,231 from the placing of 189,208,896 new ordinary shares of 0.0667 pence each in the Company at a price of 0.35 pence per share. The funds would be used to redeem an outstanding loan to the Company from David Breith at a substantial discount to its book value, as well as investing further in the



business to accelerate the sign up of new customers, who over the life of their fixed term contracts will contribute to increased revenues for the Company.

#### **13.4 Interim Results**

On 15 May 2019, the Company announced its interim results for the six months ended 31 March 2019, with Group revenue growing year on year by 57 per cent. to £1.08 million for the six month period and cash at period end of £1.15 million in-line with expectations.

#### **13.5 Trading Update**

On 11 April 2019, the Company announced that it expected the interim results to be in line with management expectations. Turnover and gross profit continued to grow substantially and the Company's cash position remained strong with in excess of £1.1 million as at 31 March 2019. The Company reported further significant operational and financial progress and strong trading in January and February 2019 as well as a record month in March 2019 for small business sign ups. The Company also reported a previously announced partner contract continued to perform in line with expectations and customers had begun transferring over to its billing platform.

### **14. Warrants**

At the date of this Document the Company has in issue warrants to subscribe for a total of 40,997,291 new Ordinary Shares (consisting of the NED Warrants, the 2017 Warrants and the 2018 Warrants) representing 3.58% of the Existing Ordinary Shares.

Under the terms of the Placing, the Placees will receive 600,000,000 Placing Warrants calculated on the basis of one Placing Warrant for every two Placing Shares acquired. Each Placing Warrant entitles the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on the third anniversary thereof.

The Company has agreed, conditional on Admission, to issue 750,000,000 HSF Warrants (exercisable any time before 31 December 2022) to HomeSelect Finance in connection with HomeSelect Finance's subscription for Loan Notes under the Loan Note Instrument. Each such HSF Warrant entitles the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on 31 December 2022.

The Company has also agreed, conditional on Admission, to issue at total of 79,130,000 2020 Warrants (i) to TPI and to Novum to subscribe for 74,130,000 new Ordinary Shares and (ii) to Cairn to subscribe for 5,000,000 new Ordinary Shares. Each 2020 Warrant entitles the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on the third anniversary thereof. The Company has also agreed to issue 63,230,840 Fee Warrants in respect of the Fee Shares issued to certain Directors in lieu of fees and remuneration on the same terms as the Placing Warrants.

On Admission, the total number of Warrants in issue will be 1,533,358,131. Further details of the Placing Warrants, 2020 Warrants, the HSF Warrants, the NED Warrants, the 2017 Warrants and the 2018 Warrants are set out in paragraph 12 of Part X of this Document.

### **15. Employee incentive plans and pension arrangements**

The Directors recognise the importance of ensuring that employees of the Group are effectively and appropriately incentivised and their interests are aligned with those of the Group. To that end, the Group may in the future adopt an employee share option plan to align the interests of senior management, and the broader employee workforce alike, with those of the Shareholders. It is expected that the number of Ordinary Shares under option in respect of any share option scheme that is adopted will be less than 10 per cent. of the Enlarged Share Capital.

There are currently no pensions or other similar arrangements in place with the Directors although the Company expects to set up pension arrangements, including for the benefit of the Directors, in due course in order to comply with the legal pension requirements.

### **16. The City Code**

The City Code applies to the Group.



The City Code is issued and administered by the Takeover Panel. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the “Directive”). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules in the City Code which are derived from the Directive now have a statutory basis.

The City Code applies to all takeovers and merger transactions, however effected, where, *inter alia*, the offeree company is a public company which has its registered office in the United Kingdom, the Isle of Man or the Channel Islands, if the company has its securities admitted to trading on a regulated market in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The City Code will therefore apply to the Group and its Shareholders will be entitled to the protection afforded by the City Code.

Under Rule 9 of the City Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent., but does not hold shares carrying more than 50 per cent., of the voting rights of a company and such person, or any persons acting in concert with him, acquires an interest in any other shares in the company which increases the percentage of shares carrying voting rights in which he is interested, such person would normally have to extend a general offer to all shareholders to acquire their shares for cash at not less than the highest price paid by him, or parties acting in concert with him, during the 12 months prior to the announcement.

## **17. General Meeting**

A general meeting of the Shareholders to consider and, if thought fit, approve the Resolutions will be convened pursuant to the Notice of GM to be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London EC4R 3TT at 9:00 a.m. on 17 February 2020. The Resolutions to be considered comprise an ordinary resolution to authorise the Directors to allot and issue the New Ordinary Shares, Ordinary Shares to be issued on the exercise of the Options, the HSF Warrants, 2020 Warrants and Placing Warrants and a special resolution to dis-apply statutory pre-emption rights with respect to the allotment and issue of the New Ordinary Shares and Ordinary Shares to be issued on the exercise of the Options, the HSF Warrants, 2020 Warrants and Placing Warrants. The Acquisition will not become effective if the Resolutions are not passed.

## **18. Placing, Admission and CREST**

The Placing will raise approximately £1.2 million before expenses through the issue of 1,200,000,000 Placing Shares at the Placing Price.

Under the terms of the Placing, the Placees will receive 600,000,000 Placing Warrants calculated on the basis of one Placing Warrant for every two Placing Shares acquired. Each Placing Warrant entitles the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on the third anniversary thereof.

The Net Proceeds of the Placing of approximately £920,000 together with the funds raised through the issue of the Loan Notes, will be used to:

- provide funds for the cash consideration payable on completion of the Acquisition; and
- provide funds for the working capital requirements of the Company.

The expenses of the Placing will be paid by the Company.

The Placing is conditional on the Resolutions being passed at the General Meeting, the receipt of the proceeds of the issue of the Loan Notes; and on Admission occurring on or before 18 February 2020 or such later date as may be agreed by the Placing Agents, Cairn, and the Company. Total expenses in relation to the Placing and Admission are expected to be approximately £280,000. All Placing Shares issued pursuant to the Placing will be issued at the Placing Price which has been determined by the Directors.

In accordance with Listing Rule 14.3, the Board has ensured that at Admission at least 25 per cent. of the Ordinary Shares of this listed class will be in public hands (as defined in the Listing Rules) and that a minimum of 25 per cent. of the Enlarged Share Capital has been allocated to investors whose individual and unconnected shareholdings will each equate to less than 5 per cent. of the Enlarged Share Capital, and who do not fall within any of the other excluded categories of investors in Listing Rule 14.2.2 (4).

Conditional, *inter alia*, upon Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 18 February 2020 (or such later date as agreed by the Placing Agents and Cairn and the Company), each of the Placees agrees to become a member of the Company and agrees to subscribe for those Placing Shares set out in his Placing Letter. To the fullest extent permitted by law, Placees will not be entitled to rescind their agreement at any time. In the event that Admission does not become effective by 8.00 a.m. London time on or prior to 18 February 2020 (or such later date as the Placing Agents and Cairn and the Company may agree), Placees will receive a full refund of monies subscribed.

The rights attaching to the Placing Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes.

Completion of the Placing will be announced via a regulatory news service on Admission, which is expected to take place at 8.00 a.m. on 18 February 2020.

Application will be made to the FCA for the New Ordinary Shares to be admitted to the standard listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

The Company has established arrangements to enable investors to settle interests in the New Ordinary Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer.

The Articles are consistent with CREST membership and the holding and transfer of New Ordinary Shares in uncertificated form. The Board has passed a resolution to make such arrangements as are necessary for the title to the New Ordinary Shares, in issue or to be issued, to be transferred by means of a relevant system in accordance with the provisions of the CREST Regulations.

The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from Admission and it is expected that the New Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if any investor so wishes.

## **19. Fee Shares**

In order to conserve the Group's cash balances, certain Directors have agreed for a portion of the fees and remuneration owed to them to be settled through the issue of the Fee Shares. Fees of approximately £126,462 in aggregate are to be settled in this way at the Placing Price. Each of the Fee Shares issued will entitle the holder to receive Warrants to acquire new Ordinary Shares on the same terms as the Placing Warrants ("Fee Warrants"). In addition to the Fee Shares, the balance of accrued fees and remuneration owed as set out below is expected to be paid to those Directors in cash following completion of the Placing. Further details of the number of Fee Shares to be issued are set out below and in paragraph 6 of Part X:

Director/Consultant	Total outstanding remuneration and fees owed (£)	Outstanding remuneration and fees owed to be settled through the issue of the Fee Shares (£)	Number of Fee Shares to be issued in lieu of remuneration and fees owed	Period for which fees are owed	Fee Warrants
Richard Horsman (Director)	66,667	41,667	41,666,680	April 2019 to January 2020	20,833,340
Geoffrey Wilson (Director)	48,000	28,800	28,800,000	April 2019 to January 2020	14,400,000
Kevin Lawrence (Director)	93,325	55,995	55,995,000	April 2019 to January 2020	27,997,500

## 20. Taxation

Your attention is drawn to Part IX of this Document. These details are intended only as a general guide to the current tax position under UK law and practice. If an investor is in any doubt as to his or her tax position he or she should immediately consult his or her own independent financial advisor.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

## 21. Further information

Shareholders should read the whole of this Document, which provides additional information on the Company, the Acquisition and the Placing and should not rely on summaries of, or individual parts only of, this Document. Your attention is drawn, in particular, to the Risk Factors set out in the section headed "Risk Factors", information on the directors, senior management and corporate governance set out in Part II, the summary of the consequences of a Standard Listing set out in Part III, the historical financial information which has been incorporated by reference in this Document as summarised in Part V and Part VI, the historic financial information relating to the DMS Holding Group set out in Part VII, the *pro forma* financial information set out in Part VIII, the information on Taxation set out in Part IX and the Additional Information in Part X of this Document.

## PART II

### DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

#### 1. Directors

Brief biographies for each of the Directors are included below.

**Andrew James Hollingworth**, *Chief Executive Officer, aged 49*

Mr. Hollingworth has worked in the Telecoms Industry for the past 25 years, operating at senior levels across multiple roles and boards, including Sales, Marketing and Operations. The majority of his work has been driving organic and acquisition growth strategies to achieve revenue and EBIT growth. Mr. Hollingworth has held a number of senior positions including Director of Wholesale, Director of Small and Corporate segments, Head of CRM, Head of Distribution, Head of Sales Operations and Head of Loyalty and Retention.

As Director of Wholesale at TalkTalk Plc he lead a growth strategy in the UK reseller market from sub £50m turnover to £250m turnover (£150m net profit with around 30 staff). Mr. Hollingworth then moved into an underperforming area of TalkTalk, the small business and corporate segment, and whilst there moved it from 18% customer loss into growth of over 3,000 customers per month within 3 years. Mr. Hollingworth was appointed to the board of the Company on 2 March 2016 having worked with the Group for several months prior to this.

**Kevin Brian Lawrence**, *Chief Financial Officer, aged 55*

Mr. Lawrence qualified as a chartered accountant in 1986 with Coopers & Lybrand (now PwC) where he spend 14 years before moving to Grant Thornton. He has subsequently held senior financial positions in a wide range of businesses including Group Finance Director of Lighthouse Group plc, an AIM-quoted financial services business that he joined at IPO and is now the largest listed Independent Financial Advice business in the UK, and CFO of Cybit Holdings PLC between 2002 and 2010 when the business was taken private by a US based private equity firm.

In 2011 Mr Lawrence led the Cybit business through a reverse takeover of Masternaut Group to become the pan-European leader in telematics with revenues of EUR100m and 500 employees. Most recently, Mr Lawrence was CFO of Atego Group, a software development company which was acquired by PTC Inc in 2014 and currently holds the position of CFO at Gardien Group, a private equity backed business specialising in the testing of PCB boards that are fabricated for clients supplying the automotive, defense, telecommunications, aerospace, medical and computer markets worldwide. He joined Toople in June 2018.

**Richard John Horsman**, *Non-Executive Chairman, aged 57*

Mr. Horsman was senior independent non-executive director of Plethora Solutions Holdings Plc between early 2011 and mid-2013 and previously CEO of Cybit Holdings plc ("Cybit"), both admitted to trading on the AIM market of the London Stock Exchange. During his tenure at Cybit the company grew, from inception, to revenues of £25 million and went through multiple acquisitions. In January 2010, Cybit was acquired in a deal with a US based private equity firm which returned £24 million to shareholders at over a 100% premium to the prevailing market price. Prior to this he held a number of senior roles in the IT industry including with Global Telematics PLC and The Baan Company.

Most recently (from 2011 to the end of 2014) Mr. Horsman was Chairman/CEO of Atego Group – a privately held company providing Mission and Safety critical software and consulting services to Global Aerospace, Military and Automotive sectors. Atego was sold to PTC which is listed on the US NASDAQ market.

Mr. Horsman was appointed as Non-executive Chairman of the Company on 3 March 2016.

**Geoffrey Paul Wilson**, *Non-Executive Director, aged 58*

Mr. Wilson has significant experience in the telecoms industry and has held a number of senior positions in different organisations. He studied Law at Birmingham Polytechnic & he qualified as a Management Accountant in 1991 whilst working for Grand Metropolitan PLC in their licenced retail business, Chef & Brewer. He first joined the telecoms industry in 1993 with Mercury Communications where he held a number of finance roles, becoming financial controller for the customer systems division in 1995. He gained wider experience of the industry as Commercial

Manager with Siemens Communications Systems and then as Commercial Director for Your Communications, a subsidiary of United Utilities, which he joined in 1999. Whilst there he led the corporate acquisition & integration programme increasing customer base & product range.

Following a strategic review of the United Utility business, Mr. Wilson led the disposal process for Your Communications resulting in the successful sale of the business to Thus in 2006. Most recently he was employed as chief operations officer for TalkTalk Business where, over a four year period, overall operational costs reduced by 9% whilst supporting revenue growth of 33%. For two years prior to this he held the position of Finance Director for TalkTalk Business.

Mr. Wilson was appointed to the Board as a Non-Executive Director on 3 March 2016. Between May and October 2017, Mr. Wilson acted as Interim Chief Financial Officer whilst the Company sought a new Chief Financial Officer, upon whose appointment he returned to the role of Non-Executive Director.

## **2. Senior management and key consultants**

Set out below are brief biographies in respect of the senior managers and consultants of the Group:

### **Duncan Ward, Chief Operating Officer**

Mr. Ward joined the Group in November 2017 and is responsible all UK operations for Toople. He was previously Managing Director at Bluestone Media AG a mobile software company based in Switzerland and Malaysia and prior to that was Senior Vice President and General Manager of Fujitsu Services.

Mr. Ward has held senior level management positions within the mobile technology markets following early roles at O2 Telefonica and was sales & marketing director for Hutchison Whampoa (Orange) where he was responsible for the launch of Orange for Business, which took over 20% market share and achieved revenues of more than £3 billion.

### **Paul Howarth, Director of Finance**

Mr Haworth is an ACA qualified accountant with over 18 years' experience in leadership roles, driving profitable growth, fixing and improving, strategic plans, commercial work with clients and suppliers, international customers and branches and business sale and merger process. His earlier career was for FTSE100 and more recently for owner managed (£15m turnover), private equity owned (£32m turnover ) and SME (£9m and £22m turnover) businesses.

### **Piotr Kwiatkowski, Head of Development**

Mr. Kwiatkowski started software programming at a very early age and attended a telecoms technical school in 2002. Whilst there Mr. Kwiatkowski became the winner of many software and mathematical competitions before moving into a part time role in 2003 whilst attending university. He moved to a senior position after successfully completing a number of projects for the tourist industry dealing with complex and high demand online reservations and booking systems for many Polish companies.

Mr. Kwiatkowski completed university in 2007 majoring in computer science and specialising in telecoms. Mr. Kwiatkowski moved to the UK in 2009 where he became head of software at Obit Telecom in 2010. He moved back to Poland in 2012 but continued to consult and support the existing functions in the Merlin software (through a trading entity called DotFusion).

## **3. Corporate Governance**

The Board guides and monitors the business and affairs of the Company on behalf of the Company's Shareholders to whom it is accountable, and is responsible for corporate governance matters. While certain key matters are reserved for the Board, it has delegated responsibilities for the day-to-day operational, corporate, financial and administrative activities to the Chief Executive Officer and the Interim Chief Financial Officer.

In assessing the composition of the Board, the Directors have had regard to the following principles:

- the Chairman should be an independent non-executive director;
- the role of the Chairman and the Chief Executive Officer should not be exercised by the same person;
- the Board should include at least two independent non-executive directors (inclusive of the Chairman), increasing where additional expertise is considered desirable in certain areas, or to ensure a smooth transition between outgoing and incoming non-executive directors; and
- the Board should comprise of directors with an appropriate range of qualifications and expertise.

Richard Horsman and Geoff Wilson are considered to be “independent” members of the board.

Directors appointed by the Board are subject to election by Shareholders at the Annual General Meeting of the Company following their appointment and thereafter are subject to re-election in accordance with the Company's Articles of Association.

The UK Corporate Governance Code, as published by the Financial Reporting Council, is the corporate governance regime for England and Wales. The Company will, to the extent practicable for a company of its size and nature, follow the UK Corporate Governance Code, and has established a remuneration and audit committee, each with their own terms of reference, the members of which are independent non-executive directors. The Directors are aware that there are currently certain provisions of the UK Corporate Governance Code that the Company is not in compliance with, given the size and early stage nature of the Company, these include, *inter alia*:

- The Company does not currently believe it is necessary to have a separate nominations committee at this time. The Board as a whole will review the appointment of new members of the Board, taking into account the interests of Shareholders and the performance of the Company. The requirement for a nominations committee will be considered on an ongoing basis.
- Unless two further Independent Non-Executive Directors are appointed, the Board will not comply with provision B.1.2. of the Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be independent.
- The chairman of the remuneration committee is the Chairman of the Company, which is outside the principals of D.2.1 of the Corporate Governance Code.
- The chairman of the audit committee is an executive director (Interim Chief Financial Officer) which is outside the principals of the Corporate Governance Code.

### **Remuneration committee**

The Remuneration Committee will assist the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Group's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Group's remuneration policy and determining the individual remuneration and benefits package of each of the Executive Directors and the Group secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

The Remuneration Committee will be chaired by Richard Horsman, and its other member will be Geoffrey Wilson. The Remuneration Committee will meet not less than twice a year.

The Articles of Association of the Company will be such so as to be appropriate for a Standard Listed company. Full details of the Company's Articles and Association are set out in paragraph 4 of Part X.

### **Audit Committee**

The Company has established an Audit Committee with delegated duties and responsibilities. The Audit Committee is responsible, amongst other things, for making recommendations to the Board on the appointment of auditors and the audit fee, monitoring and reviewing the integrity of the



Company's financial statements and any formal announcements on the Company's financial performance as well as reports from the Company's auditors on those financial statements.

In addition, the Audit Committee will review the Company's internal financial control and risk management systems to assist the Board in fulfilling its responsibilities relating to the effectiveness of those systems, including an evaluation of the capabilities of such systems in light of the expected requirements for any specific acquisition target. The Audit Committee will meet at least twice a year, or more frequently if required. The Audit Committee is chaired by Geoffrey Wilson, and its other member is Richard Horsman.

#### **4. Share Dealing Code**

The Board has adopted a share dealing code for directors' dealings which captures the requirements of the Market Abuse Regulation. The Board is responsible for taking proper and reasonable steps for ensuring compliance with the share dealing code and the Market Abuse Regulation by the Directors.

The FCA will not have the authority to (and will not) monitor the Company's compliance with its share dealing code nor will it be able to impose any sanctions in respect of failure by the Company to comply.

The Company's Ordinary Shares are admitted to the Standard Segment of the Official List. A Standard Listing offers less protection to Investors than would otherwise be the case with a Premium Listing on the Official List. Further details on the consequences of a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" in Part III of this Document.

## PART III

### CONSEQUENCES OF A STANDARD LISTING

Application has been made for the New Ordinary Shares to be admitted to the standard segment of the Official List ("**Standard Listing**"). A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

The Company's Existing Ordinary Shares are and the New Ordinary Shares will be admitted to the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. The Company intends to comply with the Listing Principles set out Chapter 7 of the Listing Rules at Listings Rules 7.2.1 which apply to all companies with their securities admitted to the Official List. In addition, the Company also intends to comply with the Listing Principles at Listing Rule 7.2.1A notwithstanding that they only apply to companies which obtain a Premium Listing on the Official List. With regard to Listing Principles at 7.2.1A, the Company is not, however, formally subject to such Listing Principles and will not be required to comply with them by the UK Listing Authority.

#### ***Listing Rules which are not applicable to a Standard Listing***

Such non-applicable Listing Rules include, in particular:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this Document;
- Chapter 9 of the Listing Rules relating to further issues of shares, issuing shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions which requires Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions. *NB. In accordance with the controls in place within the Company, it will not enter into any transaction which would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules without the specific prior approval of a majority of the Directors;*
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules and does not currently intend to seek to transfer to either a Premium Listing or other listing venue.

#### ***Listing Rules with which the Company must comply under a Standard Listing***

There are, however, a number of continuing obligations set out in Chapter 14 of the Listing Rules that are applicable to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the UKLA for publication through the document viewing facility and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the UKLA in relation to compliance with the Listing Rules and the Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and

- at least 25 per cent. of the Ordinary Shares being held by the public.

**It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply. However the FCA would be able to impose sanctions for non-compliance where the statements regarding compliance in this Document are themselves misleading, false or deceptive**

## PART IV

### PRESENTATION OF FINANCIAL AND OTHER INFORMATION

#### 1. General

***No person has been authorised to give any information or to make any representations other than as contained or referred to in this Document and, if given or made, such information or representations must not be relied on as having been so authorised and, if any other information is given or representations are made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors.***

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Placing, the Ordinary Shares or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Without prejudice to any obligation of the Company under the FSMA, the Prospectus Regulation Rules, the Listing Rules or the Disclosure and Transparency Rules, the delivery of this Document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this Document or any subsequent communications from any member of the Group or any of their respective affiliates, officers, advisers, directors, employees or agents are not to be construed as advice on legal, business, taxation, accounting, regulatory, investment or any other matters. Each investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice, as appropriate.

This Document comprises a prospectus relating to the Company prepared in accordance with the Prospectus Regulation Rules and has been approved by the FCA under section 87A of FSMA. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. No arrangement has, however, been made with the competent authority in any other member state of the EEA (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation to subscribe for or the solicitation of an offer to buy or subscribe for, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the UK into whose possession this Document comes are required by the Company to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this Document under, the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or any other consent and observing any other formality prescribed in such territory.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada, Japan, Republic of South Africa or the Republic of Ireland. See paragraphs 4 to 6 below for further information.

Investors should read this Document in its entirety.

#### 2. Presentation of financial information

The following historical financial information has been incorporated by reference into this Document as set out in Part VI:

- Audited information in respect of the Group for the year ended 30 September 2019;

Financial information is prepared in accordance with IFRS unless otherwise indicated. The Company reports its results half-yearly.

### **3. Non-financial information operating data**

The non-financial operating data included in this Document has been extracted without material adjustment from the management records of the Group and is unaudited.

### **4. Notice to US shareholders and shareholders in certain restricted jurisdictions**

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the US.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or of Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa, or any province or territory thereof. Subject to certain exceptions, the Ordinary Shares may not be taken up, offered, sold, pledged, transferred, distributed or delivered, directly or indirectly, and this Document may not be distributed by any means including electronic transmission within, into, in or from the United States, Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa or to for the account of any national, resident or citizen of the United States or any person resident in Australia, Canada, Japan, New Zealand, the Republic of Ireland or the Republic of South Africa. The Ordinary Shares may only be offered or sold in offshore transactions as defined in and in accordance with Regulation S promulgated under the Securities Act. Acquirers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States, or to any US Person as defined in Regulation S under the Securities Act, including resident corporations, or other entities organised under the laws of the United States, or non-US branches or agencies of such corporations unless such offer, sale, pledge or transfer is registered under the Securities Act, or an exemption from registration is available. The Company does not currently plan to register the Ordinary Shares under the Securities Act.

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The rights of holders of Ordinary Shares are governed by English law and by the Articles. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations.

### **5. Notice to EEA Shareholders**

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “relevant member state”) with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”), no Ordinary Shares have been offered or will be offered to the public in that relevant member state prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- (c) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such relevant member state; or

- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of these provisions, the expression an “offer to the public” in relation to any Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information of the terms of the Placing, and any Ordinary Shares to be offered, so as to enable an investor to decide to purchase any Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state, and the expression “Prospectus Directive” includes any relevant implementing measure in each relevant member state.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale. Each of the Company and its respective affiliates, and others, will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

## **6. Currencies**

In this Document, references to “sterling”, “£”, “pence” or “p” are to the lawful currency of the UK.

## **7. Rounding**

Percentages and certain amounts in this Document, including financial, statistical and operating information, have been rounded to the nearest thousand whole number or single decimal place for ease of presentation. As a result, the figures shown as totals may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this Document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

## **8. Third party information**

The Company confirms that all third party information contained in this Document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has also been identified.

## **9. No incorporation of website**

Save for the Report and Accounts for the year ended 30 September 2019, the contents of the Company’s website, any website mentioned in this Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Document and investors should not rely on such information.

## **10. Definitions**

A list of defined terms and technical terms used in this Document is set out in the part entitled “Definitions”.

## **11. Forward-looking statements**

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “target”, “plan”, “continue” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Document and include statements regarding the



intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment objectives and policies, financing strategies, performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it and the other companies in the Group operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, dividend policy and the development of its financing and operational strategies may differ materially from the impression created by the forward-looking statements contained in this Document. In addition, even if the performance, results of operations, financial condition and dividend policy of the Company, and the development of its financing and operating strategies, are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments

Important factors that could cause these differences include, but are not limited to the risk factors (which are not exhaustive) set forth above in the part of this Document headed: "*Risk Factors*".

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. In addition, even if the Company's results of operations and financial condition, and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods.

Investors are cautioned that forward-looking statements are not guarantees of future performance. The Company makes no representation, warranty or prediction that the results predicted by such forward-looking statements will be achieved and these forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Document speak only as at the date of this Document, reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations and growth strategy. Investors should specifically consider the factors identified in this Document that could cause actual results to differ. All of the forward-looking statements made in this Document are qualified by these cautionary statements.

Forward-looking statements contained in this Document apply only as at the date of this Document. Except as required by applicable law, including the Listing Rules, the Prospectus Regulation Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## **PART V**

### **HISTORICAL FINANCIAL INFORMATION**

Audited financial information on the Company and its subsidiaries is published in the annual report for the years ended 30 September 2019. The annual report for the year ended 30 September 2019 also contains comparative information for the year ended 30 September 2018. The annual report and accounts of Toople for the year ended 30 September 2019 is expressly incorporated by reference into this Document as detailed in Part VI.

The historical financial information referred to above was audited by PKF Littlejohn LLP. The report was without qualification and contained no statements under section 498(2) or (3) of CA 2006 and were prepared in accordance with International Financial Reporting Standards and are being incorporated by reference.

The annual report incorporated by reference, which has been filed with the companies registrar as required under CA 2006 and previously published as required by the Listing Rules is available on the Investor section of the Company's website at [www.Toople.com](http://www.Toople.com)

## PART VI

### INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- the annual report and accounts of Toople for the financial year ended 30 September 2019 together with the audit report thereon.

The table below sets out the sections of this document which are incorporated by reference into, and form part of, this Prospectus, and only the parts of the document identified in the table are incorporated into, and form part of, this Prospectus.

The parts of this document which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Prospectus.

Reference document	Information incorporated by reference into this Document	Page numbers in such document
<b>Toople Annual Report and Accounts for the financial year ended 30 September 2019</b>	Chairman's Statement Chief Executive Officer's Review Directors' responsibilities statement Principal Risks and Uncertainties Directors' report Strategic report Remuneration report Independent auditor's report on the group financial statements Consolidated statement of comprehensive income Consolidated statement of financial position Consolidated statement of changes in equity Consolidated cash flow statement Notes to the Group Financial Statements	9-10 11-13 17 20-21 16-18 19 29-31 37-43 44 45 46-47 48 49-71

## **PART VII**

### **HISTORIC FINANCIAL INFORMATION RELATING TO THE DMS HOLDING GROUP**

#### **SECTION A – HISTORIC FINANCIAL INFORMATION RELATING TO DMS HOLDING**

**Company Registration No. 10577278 (England and Wales)**

**DMS HOLDING 2017 LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019**

# DMS HOLDING 2017 LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr John Carter Mrs Juli Carter
<b>Company number</b>	10577278
<b>Registered office</b>	46-54 High Street Ingatestone Essex CM4 9DW
<b>Auditor</b>	Taylor Viney & Marlow 46-54 High Street Ingatestone Essex CM4 9DW



# DMS HOLDING 2017 LTD

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 <b><i>These pages do not form part of the statutory accounts:</i></b>	
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# DMS HOLDING 2017 LTD

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2019**

---

The directors present their annual report and financial statements for the year ended 30 April 2019.

### **Principal activities**

The principal activity of the company was that of an investment holding company.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr John Carter

Mrs Juli Carter

### **Auditor**

In accordance with the company's articles, a resolution proposing that Taylor Viney & Marlow be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....

Mr John Carter

**Director**

Date: .....

# **DMS HOLDING 2017 LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2019***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# DMS HOLDING 2017 LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DMS HOLDING 2017 LTD

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#### Opinion

We have audited the financial statements of DMS Holding 2017 Ltd (the 'company') for the year ended 30 April 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# **DMS HOLDING 2017 LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DMS HOLDING 2017 LTD**

---

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **DMS HOLDING 2017 LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF DMS HOLDING 2017 LTD**

---

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Stuart McCallum (Senior Statutory Auditor)**  
**for and on behalf of Taylor Viney & Marlow**

.....

**Chartered Accountants**  
**Statutory Auditor**

46-54 High Street  
Ingatestone  
Essex  
CM4 9DW



# DMS HOLDING 2017 LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2019

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		Year ended 30 April 2019 £	Period ended 30 April 2018 £
	Notes		
Turnover		37,167	-
Cost of sales		(36,997)	-
		<hr/>	<hr/>
Gross profit		170	-
Administrative expenses		(39)	-
		<hr/>	<hr/>
Operating profit		131	-
Interest receivable and similar income	3	143,000	153,000
		<hr/>	<hr/>
Profit before taxation		143,131	153,000
Tax on profit		(25)	-
		<hr/>	<hr/>
Profit for the financial year		143,106	153,000
		<hr/> <hr/>	<hr/> <hr/>

# DMS HOLDING 2017 LTD

## BALANCE SHEET

AS AT 30 APRIL 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Investments	5	1,500,000		1,500,000	
<b>Current assets</b>					
Debtors	7	11,085		-	
Cash at bank and in hand		860		-	
		<u>11,945</u>		<u>-</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(311,739)</u>		<u>(299,900)</u>	
<b>Net current liabilities</b>			(299,794)		(299,900)
<b>Total assets less current liabilities</b>			<u>1,200,206</u>		<u>1,200,100</u>
<b>Capital and reserves</b>					
Called up share capital	9	100		100	
Share premium account		1,200,000		1,200,000	
Profit and loss reserves		106		-	
<b>Total equity</b>			<u>1,200,206</u>		<u>1,200,100</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

.....  
Mr John Carter  
**Director**

**Company Registration No. 10577278**

# DMS HOLDING 2017 LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 23 January 2017</b>		-	-	-	-
<b>Period ended 30 April 2018:</b>					
Profit and total comprehensive income for the period		-	-	153,000	153,000
Issue of share capital	9	100	1,200,000	-	1,200,100
Dividends	4	-	-	(153,000)	(153,000)
<b>Balance at 30 April 2018</b>		100	1,200,000	-	1,200,100
<b>Year ended 30 April 2019:</b>					
Profit and total comprehensive income for the year		-	-	143,106	143,106
Dividends	4	-	-	(143,000)	(143,000)
<b>Balance at 30 April 2019</b>		100	1,200,000	106	1,200,206

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2019**

---

### **1 Accounting policies**

#### **Company information**

DMS Holding 2017 Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 46-54 High Street, Ingatestone, Essex, CM4 9DW.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### **1.2 Turnover**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

#### **1.3 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **1.4 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.5 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

---

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

## 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2018 - 2).

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

### 3 Interest receivable and similar income

	2019 £	2018 £
Interest receivable and similar income includes the following:		
Income from shares in group undertakings	143,000	153,000

### 4 Dividends

	2019 £	2018 £
Interim paid	143,000	153,000

### 5 Fixed asset investments

	2019 £	2018 £
Investments	1,500,000	1,500,000

### 6 Subsidiaries

Separate company financial statements are required to be prepared by law. The company is exempt from the requirement to prepare group accounts as outlined in the accounting policies note.

Details of the company's subsidiaries at 30 April 2019 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Broadbandandphones Ltd		Dormant	Ordinary shares	-	100.00
Checkthatcompany.co.uk Limited		Dormant	Ordinary shares	-	100.00
Direct Market Services Ltd		Telecomms	Ordinary A and B shares	100.00	-

#### Registered Office addresses:

- 1 46-54 High Street, Ingatestone, Essex CM4 9DW
- 2 As above
- 3 As above

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

### 6 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Broadbandandphones Ltd	-	1
Checkthatcompany.co.uk Limited	-	1
Direct Market Services Ltd	319,315	738,950

### 7 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	11,085	-

### 8 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	10,378	-
Corporation tax	25	-
Other taxation and social security	936	-
Other creditors	300,400	299,900
	<u>311,739</u>	<u>299,900</u>

### 9 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital Issued and fully paid</b>		
1,002,000 Ordinary of 0.01p each	100	100



# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 30 APRIL 2019*

---

### **10 Related party transactions**

#### **Transactions with related parties**

During the year the company received dividend income from Direct Market Services Ltd, of £143,000.

Direct Market Services Ltd also made payments on behalf of the company totalling £60,500. At the balance sheet date an amount of £140,400 was due to Direct Market Services Ltd and is included in creditors.

### **11 Directors' transactions**

Advances or credits have been granted by the company to its directors as follows:

Dividends totalling £143,000 were paid in the Period in respect of shares held by the company's directors.

# DMS HOLDING 2017 LTD

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2019

		Year ended 30 April 2019		Period ended 30 April 2018
	£	£	£	£
<b>Turnover</b>				
Sales		37,167		-
<b>Cost of sales</b>				
Purchases	36,997		-	
		(36,997)		-
<b>Gross profit</b>		170	-	-
<b>Administrative expenses</b>		(39)		-
<b>Operating profit</b>		131		-
<b>Investment revenues</b>				
Dividends receivable from group companies	143,000		153,000	
		143,000		153,000
<b>Profit before taxation</b>		143,131	-	153,000

**DMS HOLDING 2017 LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 APRIL 2018**

# DMS HOLDING 2017 LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr John Carter Mrs Juli Carter	(Appointed 23 January 2017) (Appointed 23 January 2017)
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<b>Company number</b>	10577278
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<b>Registered office</b>	46-54 High Street Ingatestone Essex CM4 9DW
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<b>Auditor</b>	Taylor Viney & Marlow 46-54 High Street Ingatestone Essex CM4 9DW
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# DMS HOLDING 2017 LTD

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# **DMS HOLDING 2017 LTD**

## **DIRECTORS' REPORT**

### ***FOR THE PERIOD ENDED 30 APRIL 2018***

---

The directors present their annual report and financial statements for the period from the date of incorporation (being 23 January 2017) to 30 April 2018.

#### **Principal activities**

The principal activity of the company was that of an investment holding company.

#### **Directors**

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

Mr John Carter	(Appointed 23 January 2017)
Mrs Juli Carter	(Appointed 23 January 2017)

#### **Results and dividends**

The results for the Period are set out on page 5.

Ordinary dividends were paid amounting to £153,000. The directors do not recommend payment of a final dividend.

#### **Auditor**

Taylor Viney & Marlow were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr John Carter

**Director**

22 January 2020

# **DMS HOLDING 2017 LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE PERIOD ENDED 30 APRIL 2018***

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The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# **DMS HOLDING 2017 LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DMS HOLDING 2017 LTD**

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#### **Opinion**

We have audited the financial statements of DMS Holding 2017 Ltd (the 'company') for the period from the date of incorporation (being 23 January 2017) to 30 April 2018 ('the period') which comprise the Profit And Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

# DMS HOLDING 2017 LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF DMS HOLDING 2017 LTD

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**for and on behalf of Taylor Viney & Marlow**

22 January 2020

**Chartered Accountants  
Statutory Auditor**

46-54 High Street  
Ingatestone  
Essex  
CM4 9DW

# DMS HOLDING 2017 LTD

## PROFIT AND LOSS ACCOUNT

*FOR THE PERIOD ENDED 30 APRIL 2018*

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	Notes	Period ended 30 April 2018 £
Interest receivable and similar income	3	153,000
<b>Profit before taxation</b>		<u>153,000</u>
Taxation		-
<b>Profit for the financial Period</b>		<u>153,000</u>

# DMS HOLDING 2017 LTD

## BALANCE SHEET

AS AT 30 APRIL 2018

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	Notes	2018 £	£
<b>Fixed assets</b>			
Investments	5	1,500,000	
<b>Current assets</b>		-	
<b>Creditors: amounts falling due within one year</b>	7	(299,900)	
<b>Net current liabilities</b>			(299,900)
<b>Total assets less current liabilities</b>			<u>1,200,100</u>
<b>Capital and reserves</b>			
Called up share capital	8		100
Share premium account			<u>1,200,000</u>
<b>Total equity</b>			<u>1,200,100</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 22 January 2020 and are signed on its behalf by:

Mr John Carter  
**Director**

**Company Registration No. 10577278**

# DMS HOLDING 2017 LTD

## STATEMENT OF CHANGES IN EQUITY

**FOR THE PERIOD ENDED 30 APRIL 2018**

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	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Period ended 30 April 2018:</b>					
Profit and total comprehensive income for the period		-	-	153,000	153,000
Issue of share capital	<b>8</b>	100	1,200,000	-	1,200,100
Dividends	<b>4</b>	-	-	(153,000)	(153,000)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 April 2018</b>		100	1,200,000	-	1,200,100
		<hr/>	<hr/>	<hr/>	<hr/>

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 30 APRIL 2018

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#### 1 Accounting policies

##### Company information

DMS Holding 2017 Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 46-54 High Street, Ingatestone, Essex, CM4 9DW.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.4 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2018

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### 1 Accounting policies

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the Period was 2.

### 3 Interest receivable and similar income

2018  
£

Interest receivable and similar income includes the following:

Income from shares in group undertakings	153,000
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### 4 Dividends

2018  
£

Interim paid	153,000
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# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2018

### 5 Fixed asset investments

2018  
£

Investments	1,500,000
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#### Movements in fixed asset investments

Shares in group  
undertakings

£

#### Cost or valuation

At 23 January 2017

-

Additions

1,500,000

At 30 April 2018

1,500,000

#### Carrying amount

At 30 April 2018

1,500,000

### 6 Subsidiaries

Separate company financial statements are required to be prepared by law. The company is exempt from the requirement to prepare group accounts as outlined in the accounting policies note.

Details of the company's subsidiaries at 30 April 2018 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Direct Market Services Ltd		Telecomms	Ordinary A and B shares	100.00	-
Checkthatcompany.co.uk Limited		Dormant	Ordinary shares	-	100.00
Broadbandandphones Ltd		Dormant	Ordinary shares	-	100.00

#### Registered Office addresses:

1 46-54 High Street, Ingatestone, Essex CM4 9DW

2 As above

3 As above

# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 30 APRIL 2018**

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### 6 Subsidiaries

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Direct Market Services Ltd	86,320	562,635
Checkthatcompany.co.uk Limited	-	5
Broadbandandphones Ltd	-	1

### 7 Creditors: amounts falling due within one year

	2018 £
Other creditors	299,900

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### 8 Called up share capital

	2018 £
Ordinary share capital Issued and fully paid 1,002,000 Ordinary of 0.01p each	100

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# DMS HOLDING 2017 LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 30 APRIL 2018**

### 9 Related party transactions

#### Transactions with related parties

During the year the company purchased the entire share capital of Direct Market Services Ltd. Part of the transaction involved the purchase of shares in the investee held by John Carter and Juli Carter which were valued at £1,200,000. The transaction was effected by a share for share exchange. Together, John Carter and Julie Carter control the company and formerly jointly controlled Direct Market Services Ltd.

During the year the company received dividend income from Direct Market Services Ltd, of £153,000. Direct Market Services Ltd also made payments on behalf of the company totalling £250,000. At the balance sheet date an amount of £79,900 was due Direct Market Services Ltd and is included in creditors.

### 10 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Dividends totalling £153,000 were paid in the Period in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr John Carter - Directors loan account	-	-	108,550	(108,550)	-
Mrs Juli Carter - Directors loan account	-	-	61,550	(61,550)	-
		<u>-</u>	<u>170,100</u>	<u>(170,100)</u>	<u>-</u>

# DMS HOLDING 2017 LTD

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

*FOR THE PERIOD ENDED 30 APRIL 2018*

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		Period ended 30 April 2018
	£	£
<b>Investment revenues</b>		
Dividends receivable from group companies	153,000	
		<u>153,000</u>
<b>Profit before taxation</b>		<u>153,000</u>

## **SECTION B – HISTORIC FINANCIAL INFORMATION RELATING TO DMSL**

**Company Registration No. 03544855 (England and Wales)**

**DIRECT MARKET SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2019**

# DIRECT MARKET SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J.W. Carter J.E. Carter
<b>Company number</b>	03544855
<b>Registered office</b>	46-54 High Street Ingatestone Essex CM4 9DW
<b>Auditor</b>	Taylor Viney & Marlow 46-54 High Street Ingatestone Essex CM4 9DW
<b>Business address</b>	Unit H, Suite 2 Woodside Dunmow Road Birchanger Bishop's Stortford CM23 5RG



# DIRECT MARKET SERVICES LIMITED

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 <b><i>These pages do not form part of the statutory accounts:</i></b>	
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# DIRECT MARKET SERVICES LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2019**

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The directors present their annual report and financial statements for the year ended 30 April 2019.

### **Principal activities**

The principal activity of the company is that of marketing telecommunication services.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J.W. Carter

J.E. Carter

### **Auditor**

In accordance with the company's articles, a resolution proposing that Taylor Viney & Marlow be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....

J.W. Carter

**Director**

Date: .....

# **DIRECT MARKET SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2019***

---

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# DIRECT MARKET SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED

---

#### Opinion

We have audited the financial statements of Direct Market Services Limited (the 'company') for the year ended 30 April 2019 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# **DIRECT MARKET SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED**

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **DIRECT MARKET SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED**

---

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Stuart McCallum (Senior Statutory Auditor)**  
**for and on behalf of Taylor Viney & Marlow**

.....

**Chartered Accountants**  
**Statutory Auditor**

46-54 High Street  
Ingatestone  
Essex  
CM4 9DW

# DIRECT MARKET SERVICES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 APRIL 2019

	Notes	2019 £	2018 £
<b>Turnover</b>		3,148,547	3,258,897
Cost of sales		(1,451,082)	(1,425,666)
<b>Gross profit</b>		1,697,465	1,833,231
Administrative expenses		(1,398,836)	(1,837,558)
<b>Operating profit/(loss)</b>		298,629	(4,327)
Interest receivable and similar income		32,653	31,063
<b>Profit before taxation</b>		331,282	26,736
Tax on profit		(11,967)	59,584
<b>Profit for the financial year</b>		319,315	86,320
Retained earnings brought forward		562,619	629,299
Dividends		(143,000)	(153,000)
Retained earnings carried forward		738,934	562,619

# DIRECT MARKET SERVICES LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	3		28,229		2,091
Investments	4		5		5
			<u>28,234</u>		<u>2,096</u>
<b>Current assets</b>					
Stocks		166,689		151,207	
Debtors	5	1,092,647		970,615	
Cash at bank and in hand		42,486		835	
		<u>1,301,822</u>		<u>1,122,657</u>	
<b>Creditors: amounts falling due within one year</b>	6	(591,106)		(562,118)	
<b>Net current assets</b>			<u>710,716</u>		<u>560,539</u>
<b>Total assets less current liabilities</b>			<u><u>738,950</u></u>		<u><u>562,635</u></u>
<b>Capital and reserves</b>					
Called up share capital	7		10		10
Capital redemption reserve			6		6
Profit and loss reserves			738,934		562,619
<b>Total equity</b>			<u><u>738,950</u></u>		<u><u>562,635</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

.....  
J.W. Carter  
**Director**

**Company Registration No. 03544855**



# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2019**

---

### **1 Accounting policies**

#### **Company information**

Direct Market Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 46-54 High Street, Ingatestone, Essex, CM4 9DW.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### **1.2 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### **1.3 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years over the term of the lease
Plant and machinery	20% on cost
Fixtures, fittings & equipment	25% on cost
Computer equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.4 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2019**

---

### **1 Accounting policies**

**(Continued)**

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **1.6 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

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### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2019

### 1 Accounting policies

(Continued)

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 25 (2018 - 36).

### 3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 May 2018	-	395,165	395,165
Additions	21,149	7,324	28,473
At 30 April 2019	21,149	402,489	423,638
<b>Depreciation and impairment</b>			
At 1 May 2018	-	393,074	393,074
Depreciation charged in the year	728	1,607	2,335
At 30 April 2019	728	394,681	395,409
<b>Carrying amount</b>			
At 30 April 2019	20,421	7,808	28,229
At 30 April 2018	-	2,091	2,091

### 4 Fixed asset investments

	2019 £	2018 £
Investments	5	5

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

### 5 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	208,756	115,687
Amounts owed by group undertakings	140,400	79,900
Other debtors	44,970	64,463
	<u>394,126</u>	<u>260,050</u>
Deferred tax asset	52,248	64,215
	<u>446,374</u>	<u>324,265</u>
<b>Amounts falling due after more than one year:</b>		
Other debtors	646,273	646,350
	<u>646,273</u>	<u>646,350</u>
<b>Total debtors</b>	<u>1,092,647</u>	<u>970,615</u>

### 6 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	-	107,964
Trade creditors	326,941	319,400
Other taxation and social security	109,376	114,326
Other creditors	154,789	20,428
	<u>591,106</u>	<u>562,118</u>

### 7 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
8 Ordinary "B" shares of £1 each	8	8
2 Ordinary "C" shares of £1 each	2	2
	<u>10</u>	<u>10</u>

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2019

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### 8 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019 £	2018 £
925,282	28,420
<u>925,282</u>	<u>28,420</u>

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2019**

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### 9 Related party transactions

At the year end the company was owed £646,273 (2018: £646,350) by Woodside Telecoms Limited (formerly Cloudtelephones Ltd) and owed £6,950 (2018: £7,450) to Carson Communications Ltd, companies in which John Carter is a director in. The loan with Carson Communications Ltd has no fixed terms of repayment and no interest charges.

At the date of signing the balance sheet, the company owed £79,900 to DMS Holdings 2017 Ltd, its parent company. This loan has no fixed terms of repayment and no interest charges.

### 10 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
J.W. Carter - Directors loan account	-	32,050	228,500	(325,000)	(64,450)
J.E. Carter - Directors loan account	-	(14,950)	36,000	(71,500)	(50,450)
		<u>17,100</u>	<u>264,500</u>	<u>(396,500)</u>	<u>(114,900)</u>

### 11 Parent company

The company is under the control of DMS Holding (2017) Ltd.

# DIRECT MARKET SERVICES LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2019

		2019		2018
	£	£	£	£
<b>Turnover</b>				
Sales		3,148,547		3,258,897
<b>Cost of sales</b>				
Purchases	1,451,082		1,425,666	
		(1,451,082)		(1,425,666)
<b>Gross profit</b>	53.91%	1,697,465	56.25%	1,833,231
<b>Administrative expenses</b>		(1,398,836)		(1,837,558)
<b>Operating profit/(loss)</b>		298,629		(4,327)
<b>Investment revenues</b>				
Bank interest received	335		284	
Other interest received	32,318		30,779	
		32,653		31,063
<b>Profit before taxation</b>	10.52%	331,282	0.82%	26,736



# DIRECT MARKET SERVICES LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

**FOR THE YEAR ENDED 30 APRIL 2019**

	2019	2018
	£	£
<b>Administrative expenses</b>		
Wages and salaries	605,211	938,039
Employer's N.I. contributions	56,188	78,857
Staff recruitment costs	2,543	-
Staff training	-	153
Staff pension costs	14,423	17,533
Directors' remuneration	48,000	48,000
Directors' social security costs	4,298	4,366
Directors' pension costs	50,000	48,000
Rent and rates	76,434	83,010
Cleaning	1,588	1,590
Light and heat	-	(4,016)
Repairs and maintenance	7,746	3,951
Computer running costs	9,977	13,607
Equipment leasing	36,955	31,654
Travelling expenses	20,757	25,693
Subscriptions	1,258	241
Legal and professional fees	78,535	46,006
Technical consultancy	137,894	122,011
Accountancy	11,414	12,328
Charitable donations	1,326	3,667
Bank charges	16,121	9,371
Insurance	10,526	9,356
Printing, postage and stationery	5,431	5,248
Advertising	166,108	287,131
Telephone	24,639	32,381
Other office supplies	2,051	2,185
Entertaining	5,597	11,395
Sundry expenses	2,981	4,755
Depreciation	2,335	1,046
Profit or loss on sale of tangible assets (non exceptional)	(1,500)	-
	<u>1,398,836</u>	<u>1,837,558</u>

**Company Registration No. 03544855 (England and Wales)**

**DIRECT MARKET SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2018**

# DIRECT MARKET SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J.W. Carter P. Gibson J.E. Carter
<b>Company number</b>	03544855
<b>Registered office</b>	46-54 High Street Ingatestone Essex CM4 9DW
<b>Auditor</b>	Taylor Viney & Marlow 46-54 High Street Ingatestone Essex CM4 9DW
<b>Business address</b>	Unit H, Suite 2 Woodside Dunmow Road Birchanger Bishop's Stortford CM23 5RG

# DIRECT MARKET SERVICES LIMITED

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# DIRECT MARKET SERVICES LIMITED

## DIRECTORS' REPORT

***FOR THE YEAR ENDED 30 APRIL 2018***

---

The directors present their annual report and financial statements for the year ended 30 April 2018.

### **Principal activities**

The principal activity of the company is that of marketing telecommunication services.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J.W. Carter

P. Gibson

J.E. Carter

### **Auditor**

In accordance with the company's articles, a resolution proposing that Taylor Viney & Marlow be reappointed as auditor of the company will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....

J.W. Carter

**Director**

Date: .....

# **DIRECT MARKET SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2018***

---

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# DIRECT MARKET SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED

---

#### Opinion

We have audited the financial statements of Direct Market Services Limited (the 'company') for the year ended 30 April 2018 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

# **DIRECT MARKET SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED**

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Stuart McCallum (Senior Statutory Auditor)**  
**for and on behalf of Taylor Viney & Marlow**

.....

**Chartered Accountants**  
**Statutory Auditor**

46-54 High Street  
Ingatestone  
Essex



# **DIRECT MARKET SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED**

---

CM4 9DW

# DIRECT MARKET SERVICES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
<b>Turnover</b>		3,258,897	3,607,121
Cost of sales		(1,425,666)	(1,215,280)
<b>Gross profit</b>		1,833,231	2,391,841
Administrative expenses		(1,837,558)	(1,893,795)
<b>Operating (loss)/profit</b>		(4,327)	498,046
Interest receivable and similar income		31,063	29,761
<b>Profit before taxation</b>		26,736	527,807
Tax on profit		59,584	119,167
<b>Profit for the financial year</b>		86,320	646,974
Retained earnings brought forward		629,299	156,075
Dividends		(153,000)	(173,750)
Retained earnings carried forward		562,619	629,299

# DIRECT MARKET SERVICES LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	3		2,091		3,136
Investments	4		5		5
			<u>2,096</u>		<u>3,141</u>
<b>Current assets</b>					
Stocks		151,207		-	
Debtors	5	970,615		980,290	
Cash at bank and in hand		835		72,889	
		<u>1,122,657</u>		<u>1,053,179</u>	
<b>Creditors: amounts falling due within one year</b>	6	(562,118)		(427,005)	
<b>Net current assets</b>			<u>560,539</u>		<u>626,174</u>
<b>Total assets less current liabilities</b>			<u><u>562,635</u></u>		<u><u>629,315</u></u>
<b>Capital and reserves</b>					
Called up share capital	7		10		10
Capital redemption reserve			6		6
Profit and loss reserves			562,619		629,299
<b>Total equity</b>			<u><u>562,635</u></u>		<u><u>629,315</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

.....  
J.W. Carter  
**Director**

**Company Registration No. 03544855**

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2018**

---

### **1 Accounting policies**

#### **Company information**

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Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years over the term of the lease
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# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2018**

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### **1 Accounting policies**

**(Continued)**

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **1.6 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

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### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

### 1 Accounting policies

(Continued)

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 36 (2017 - 40).

### 3 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 May 2017 and 30 April 2018	255,800	139,365	395,165
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation and impairment</b>			
At 1 May 2017	255,800	136,228	392,028
Depreciation charged in the year	-	1,046	1,046
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 April 2018	255,800	137,274	393,074
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount</b>			
At 30 April 2018	-	2,091	2,091
	<u>          </u>	<u>          </u>	<u>          </u>
At 30 April 2017	-	3,136	3,136
	<u>          </u>	<u>          </u>	<u>          </u>

### 4 Fixed asset investments

	2018 £	2017 £
Investments	5	5
	<u>          </u>	<u>          </u>

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

### 5 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	115,687	223,247
Amounts owed by group undertakings	79,900	-
Other debtors	64,463	752,412
	<u>260,050</u>	<u>975,659</u>
Deferred tax asset	64,215	4,631
	<u>324,265</u>	<u>980,290</u>
<b>Amounts falling due after more than one year:</b>		
Other debtors	646,350	-
	<u>646,350</u>	<u>-</u>
<b>Total debtors</b>	<u>970,615</u>	<u>980,290</u>

### 6 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	107,964	-
Trade creditors	319,400	236,797
Other taxation and social security	114,326	130,657
Other creditors	20,428	59,551
	<u>562,118</u>	<u>427,005</u>

### 7 Called up share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
8 Ordinary "B" shares of £1 each	8	8
2 Ordinary "C" shares of £1 each	2	2
	<u>10</u>	<u>10</u>



# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2018

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### 8 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2018	2017
£	£
28,420	28,420
<u>28,420</u>	<u>28,420</u>

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2018**

### 9 Related party transactions

At the year end the company was owed £646,350 (2017: £615,571) by Cloudtelephones Ltd and owed £7,450 (2017 £7,450) to Carson Communications Ltd, companies in which John Carter is a director in. The loan with Carson Communications Ltd has no fixed terms of repayment and no interest charges.

At the date of signing the balance sheet, the company owed £79,900 to DMS Holdings 2017 Ltd, its parent company. This loan has no fixed terms of repayment and no interest charges.

### 10 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
J.W. Carter - Directors loan account	-	28,500	80,050	(76,500)	32,050
P. Gibson - Directors loan account	-	25,000	-	(25,000)	-
J.E. Carter - Directors loan account	-	28,500	33,050	(76,500)	(14,950)
		<u>82,000</u>	<u>113,100</u>	<u>(178,000)</u>	<u>17,100</u>

### 11 Parent company

The company is under the control of DMS Holding (2017) Ltd.

# DIRECT MARKET SERVICES LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 APRIL 2018**

		2018		2017
	£	£	£	£
<b>Turnover</b>				
Sales		3,258,897		3,607,121
<b>Cost of sales</b>				
Purchases	1,425,666		1,215,280	
		(1,425,666)		(1,215,280)
<b>Gross profit</b>	56.25%	1,833,231	66.31%	2,391,841
<b>Administrative expenses</b>		(1,837,558)		(1,893,795)
<b>Operating (loss)/profit</b>		(4,327)		498,046
<b>Interest receivable and similar income</b>				
Bank interest received	284		448	
Other interest received	30,779		29,313	
		31,063		29,761
<b>Profit before taxation</b>	0.82%	26,736	14.63%	527,807

# DIRECT MARKET SERVICES LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 30 APRIL 2018

	2018	2017
	£	£
<b>Administrative expenses</b>		
Wages and salaries	938,039	1,004,924
Employer's N.I. contributions	78,857	85,172
Staff recruitment costs	-	16,900
Staff training	153	-
Staff pension costs	17,533	17,185
Directors' remuneration	48,000	47,000
Directors' social security costs	4,366	-
Directors' pension costs	48,000	47,000
Rent and rates	83,010	89,165
Cleaning	1,590	810
Light and heat	(4,016)	4,763
Repairs and maintenance	3,951	20,600
Computer running costs	13,607	7,228
Equipment leasing	31,654	29,068
Motor running expenses	-	19,681
Travelling expenses	25,693	6,647
Subscriptions	241	328
Legal and professional fees	46,006	34,855
Technical consultancy	122,011	119,489
Accountancy	12,328	31,010
Charitable donations	3,667	1,240
Bank charges	9,371	6,436
Insurance	9,356	16,050
Printing, postage and stationery	5,248	4,888
Advertising	287,131	227,216
Telephone	32,381	25,559
Other office supplies	2,185	-
Entertaining	11,395	20,514
Sundry expenses	4,755	9,021
Depreciation	1,046	1,046
	<u>1,837,558</u>	<u>1,893,795</u>

**Company Registration No. 03544855 (England and Wales)**

**DIRECT MARKET SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2017**

# DIRECT MARKET SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J.W. Carter P. Gibson J.E. Carter
<b>Company number</b>	03544855
<b>Registered office</b>	46-54 High Street Ingatestone Essex CM4 9DW
<b>Auditor</b>	Taylor Viney & Marlow 46-54 High Street Ingatestone Essex CM4 9DW
<b>Business address</b>	Unit H, Suite 2 Woodside Dunmow Road Birchanger Bishop's Stortford CM23 5RG

# DIRECT MARKET SERVICES LIMITED

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# DIRECT MARKET SERVICES LIMITED

## DIRECTORS' REPORT

***FOR THE YEAR ENDED 30 APRIL 2017***

---

The directors present their annual report and financial statements for the year ended 30 April 2017.

### **Principal activities**

The principal activity of the company is that of marketing telecommunication services.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J.W. Carter

P. Gibson

J.E. Carter

### **Auditor**

Taylor Viney & Marlow were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

.....

J.W. Carter

**Director**

Date: .....



# **DIRECT MARKET SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 APRIL 2017***

---

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **DIRECT MARKET SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED**

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We have audited the financial statements of Direct Market Services Limited for the year ended 30 April 2017 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

# **DIRECT MARKET SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DIRECT MARKET SERVICES LIMITED**

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

**Stuart McCallum (Senior Statutory Auditor)**  
**for and on behalf of Taylor Viney & Marlow**

.....

**Chartered Accountants**  
**Statutory Auditor**

46-54 High Street  
Ingatestone  
Essex  
CM4 9DW

# DIRECT MARKET SERVICES LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 £
<b>Turnover</b>		3,607,121	2,845,019
Cost of sales		(1,215,280)	(854,008)
<b>Gross profit</b>		2,391,841	1,991,011
Administrative expenses		(1,893,795)	(1,293,508)
<b>Operating profit</b>		498,046	697,503
Interest receivable and similar income		29,761	28,242
<b>Profit before taxation</b>		527,807	725,745
Tax on profit		119,167	(141,071)
<b>Profit for the financial year</b>		646,974	584,674
Retained earnings brought forward		156,075	(250,349)
Dividends		(173,750)	(178,250)
Retained earnings carried forward		629,299	156,075

# DIRECT MARKET SERVICES LIMITED

## BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	3		3,136		-
Investments	4		5		5
			<u>3,141</u>		<u>5</u>
<b>Current assets</b>					
Debtors	5	980,290		716,160	
Cash at bank and in hand		72,889		-	
		<u>1,053,179</u>		<u>716,160</u>	
<b>Creditors: amounts falling due within one year</b>	6	(427,005)		(560,074)	
<b>Net current assets</b>			626,174		156,086
<b>Total assets less current liabilities</b>			<u>629,315</u>		<u>156,091</u>
<b>Capital and reserves</b>					
Called up share capital	7		10		10
Capital redemption reserve			6		6
Profit and loss reserves			629,299		156,075
<b>Total equity</b>			<u>629,315</u>		<u>156,091</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

.....  
J.W. Carter  
Director

Company Registration No. 03544855

# DIRECT MARKET SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>As restated for the period ended 30 April 2016:</b>					
<b>Balance at 1 May 2015</b>		10	6	(250,349)	(250,333)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>As restated</b>		10	6	(250,349)	(250,333)
<b>Year ended 30 April 2016:</b>					
Profit and total comprehensive income for the year		-	-	584,674	584,674
Dividends		-	-	(178,250)	(178,250)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 April 2016</b>		10	6	156,075	156,091
<b>Year ended 30 April 2017:</b>					
Profit and total comprehensive income for the year		-	-	646,974	646,974
Dividends		-	-	(173,750)	(173,750)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 April 2017</b>		10	6	629,299	629,315
		<hr/>	<hr/>	<hr/>	<hr/>

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 APRIL 2017**

---

### **1 Accounting policies**

#### **Company information**

Direct Market Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 46-54 High Street, Ingatestone, Essex, CM4 9DW.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements for the year ended 30 April 2017 are the first financial statements of Direct Market Services Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 May 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note .

#### **1.2 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### **1.3 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	20% on cost
Fixtures, fittings & equipment	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **1.4 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2017**

---

### **1 Accounting policies**

**(Continued)**

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **1.6 Cash and cash equivalents**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### ***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 1 Accounting policies

(Continued)

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 40 (2016 - 31).

### 3 Tangible fixed assets

#### Plant and machinery etc £

#### Cost

At 1 May 2016

390,983

Additions

4,182

At 30 April 2017

395,165

#### Depreciation and impairment

At 1 May 2016

390,983

Depreciation charged in the year

1,046

At 30 April 2017

392,029

#### Carrying amount

At 30 April 2017

3,136

At 30 April 2016

-

### 4 Fixed asset investments

2017

£

2016

£

Investments

5

5

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

### 5 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	223,247	236,793
Other debtors	752,412	473,719
	<u>975,659</u>	<u>710,512</u>
Deferred tax asset	4,631	5,648
	<u>980,290</u>	<u>716,160</u>

### 6 Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	-	23,097
Trade creditors	236,797	201,332
Corporation tax	-	139,832
Other taxation and social security	130,657	176,780
Other creditors	59,551	19,033
	<u>427,005</u>	<u>560,074</u>

### 7 Called up share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
8 Ordinary "B" shares of £1 each	8	8
2 Ordinary "C" shares of £1 each	2	2
	<u>10</u>	<u>10</u>

### 8 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017 £	2016 £
	<u>28,420</u>	<u>28,420</u>

### 9 Related party transactions

# DIRECT MARKET SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2017**

### 9 Related party transactions

(Continued)

At the year end the company was owed £615,571 (2016: £387,672) by Cloudtelephones Ltd and owed £7,450 (2016 £682) to Carson Communications Ltd, companies in which John Carter is a director in. The loan with Carson Communications Ltd has no fixed terms of repayment and no interest charges.

### 10 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
J.W. Carter - Directors loan account	-	16,500	155,000	(143,000)	28,500
P. Gibson - Directors loan account	-	(2,125)	27,125	-	25,000
J.E. Carter - Directors loan account	-	16,500	115,000	(103,000)	28,500
		<u>30,875</u>	<u>297,125</u>	<u>(246,000)</u>	<u>82,000</u>

### 11 Parent company

The company is under the control of J.W. Carter and J.E. Carter who own 80% of the issued share capital.

# DIRECT MARKET SERVICES LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 30 APRIL 2017*

		2017		2016
	£	£	£	£
<b>Turnover</b>				
Sales		3,607,121		2,845,019
<b>Cost of sales</b>				
Purchases	1,215,280		854,008	
		(1,215,280)		(854,008)
<b>Gross profit</b>	66.31%	2,391,841	69.98%	1,991,011
<b>Administrative expenses</b>		(1,893,795)		(1,293,508)
<b>Operating profit</b>		498,046		697,503
<b>Interest receivable and similar income</b>				
Bank interest received	448		258	
Other interest received	29,313		27,984	
		29,761		28,242
<b>Profit before taxation</b>	14.63%	527,807	25.51%	725,745

# DIRECT MARKET SERVICES LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

**FOR THE YEAR ENDED 30 APRIL 2017**

	2017 £	2016 £
<b>Administrative expenses</b>		
Wages and salaries	1,004,924	642,096
Employer's N.I. contributions	85,172	55,983
Staff recruitment costs	16,900	-
Staff pension costs	17,185	14,612
Directors' remuneration	47,000	52,000
Directors' pension costs	47,000	52,000
Rent and rates	89,165	57,403
Cleaning	810	-
Light and heat	4,763	5,245
Repairs and maintenance	20,600	2,158
Computer running costs	7,228	12,097
Equipment leasing	29,068	28,336
Motor running expenses	19,681	17,683
Travelling expenses	6,647	-
Subscriptions	328	-
Legal and professional fees	34,855	15,807
Technical consultancy	119,489	105,190
Accountancy	31,010	25,149
Charitable donations	1,240	748
Bank charges	6,436	8,120
Bad and doubtful debts	-	750
Insurance	16,050	19,927
Printing, postage and stationery	4,888	4,706
Advertising	227,216	118,663
Telephone	25,559	33,051
Entertaining	20,514	9,717
Sundry expenses	9,021	12,063
Depreciation	1,046	-
Profit or loss on disposal of investments	-	4
	<u>1,893,795</u>	<u>1,293,508</u>

## PART VIII

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION A – ACCOUNTANT’S REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION



The Directors  
Toople Plc  
PO Box 501T  
The Nexus Building  
Broadway  
Letchworth Garden City  
Hertfordshire  
SG6 9BL

31 January 2020

Dear Sirs,

##### Introduction

We report on the unaudited *pro forma* statement of financial position and on the unaudited *pro forma* statement of comprehensive income (together, the “**Pro Forma Financial Information**”) of Toople Plc (the “**Company**”) set out in Section (B) of Part VIII “*Unaudited Pro-Forma Financial Information*” of the Company’s prospectus (the “**Document**”) dated 31 January 2020, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the completion of:

- the acquisition by the Company of DMS Holding 2017 Ltd;
- the acquisition by the Company of Direct Market Services Limited;
- the drawdown against the Loan Notes; and
- the effect of the net placing.

might have affected the assets, liabilities, equity of the Company, had the acquisition occurred on 30 September 2019 and on the earnings of the Company, had the acquisitions occurred on 1 April 2019, presented on the basis of the accounting policies adopted by the Company in preparing the financial information for the year ended 30 September 2019. This report is required by Annex I, item 18.4 of the Prospectus Regulation and is given for the purpose of complying with that requirement and for no other purpose.

##### Responsibilities

It is the responsibility of the directors of the Company (the “**Directors**”) to prepare the Pro-Forma Financial Information in accordance with Annex I, item 18.4 and Annex 20 of the Prospectus Regulation.

It is our responsibility to form an opinion, in accordance with Annex I, item 18.4 of the Prospectus Regulation, as to the proper compilation of the Pro-Forma Financial Information and to report that opinion to you in accordance with Annex 20, Section 3 of the Prospectus Regulation.

##### Basis of opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial

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information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro-Forma Financial* Information with the Directors.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the *Pro-Forma Financial* Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion:

- the *Pro-Forma* Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of PR 5.3.2R(2)(f) of the Prospectus Regulation Rules, we are responsible for this report as part of the Document and declare that we have ensured that the information contained in this report is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Document in compliance with Annex I, item 1.2 and Article 11 of the Prospectus Regulation.

Yours faithfully,

**Crowe U.K. LLP**

*Chartered Accountants*



## PART VIII

### UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### SECTION B – PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Set out below are the unaudited pro-forma statement of financial position as at 30 September 2019 and statement of comprehensive income of the Company as if the acquisitions had occurred on 1 April 2019 (the “**Pro Forma Financial Information**”). The *Pro Forma* Financial Information has been prepared on the basis set out in the notes below to illustrate the effects of completion of:

- the acquisition by the Company of DMS Holding 2017 Ltd;
- the acquisition by the Company of Direct Market Services Limited;
- the drawdown against the Loan Notes; and
- the effect of the net placing.

on the assets, liabilities and equity of the Company, had the acquisitions occurred on 30 September 2019 and on the earnings of the Company, had the acquisitions occurred on 1 April 2019. The *Pro Forma* Financial Information has been prepared for illustrative purposes only. Due to its nature, the *Pro Forma* Financial Information addresses a hypothetical situation and, therefore, does not represent the Company’s actual financial position or earnings. It is based on the schedules used in preparing the unaudited statement of financial position and statement of comprehensive income of the Company as at 30 September 2019 and the year then ended.

Users should read the whole of this Document and not rely solely on the *Pro Forma* Financial Information contained in this Part VIII “Unaudited *Pro Forma* Financial Information” of this Document. The report on the *Pro Forma* Financial Information is set out in Part VIII (A) “Accountant’s Report on the Unaudited *Pro Forma* Financial Information of the Company” of this Document.

## Unaudited *pro forma* statement of financial position

	Company as at 30 Sept. 2019 (Note 1) £	Acquisition of DMS Holding 2017 Ltd (Note 2) £	Acquisition of Direct Market Services Limited (Note 3) £	Adjustment Drawdown of Loan Notes (Note 4) £	Net proceeds (Note 5) £	Adjustment Elimination of intercompany balances (Note 6) £	Unaudited <i>pro</i> <i>forma balance</i> <i>sheet</i> £
Intangible assets	124,106	—	—	—	460,000	—	584,106
Tangible assets	—	—	28,229	—	—	—	28,229
Investments	—	1,500,000	5	—	—	(1,500,005)	—
<b>Non-current assets</b>	<b>124,106</b>	<b>1,500,000</b>	<b>28,234</b>	<b>—</b>	<b>460,000</b>	<b>(1,500,005)</b>	<b>612,335</b>
Stocks	—	—	166,689	—	—	—	166,689
Debtors	663,528	11,085	1,092,647	—	—	(140,400)	1,626,860
Cash at bank and in hand	497,400	860	42,486	1,186,500	458,852	—	2,186,098
<b>Current assets</b>	<b>1,160,928</b>	<b>11,945</b>	<b>1,301,822</b>	<b>1,186,500</b>	<b>458,852</b>	<b>(140,400)</b>	<b>3,979,647</b>
<b>Total assets</b>	<b>1,285,034</b>	<b>1,511,945</b>	<b>1,330,056</b>	<b>1,186,500</b>	<b>918,852</b>	<b>(1,640,405)</b>	<b>4,591,982</b>
Share capital	762,774	100	10	—	800,400	(110)	1,563,174
Share premium	5,412,561	1,200,000	—	—	118,452	(1,200,000)	5,531,013
Merger reserve	(25,813)	—	—	—	—	—	(25,813)
Share-based payment reserve	255,099	—	—	—	—	—	255,099
Capital redemption	—	—	6	—	—	—	6
Profit and Loss reserves	(6,100,080)	106	738,934	(30,497)	—	(299,895)	(5,691,432)
<b>Equity</b>	<b>304,541</b>	<b>1,200,206</b>	<b>738,950</b>	<b>(30,497)</b>	<b>918,852</b>	<b>(1,500,005)</b>	<b>1,632,048</b>
<b>Current liabilities</b>							
Trade and other payables	980,493	10,378	326,941	—	—	(140,400)	1,177,412
Other current liabilities	—	301,361	264,165	—	—	—	565,526
<b>Total current liabilities</b>	<b>980,493</b>	<b>311,739</b>	<b>591,106</b>	<b>—</b>	<b>—</b>	<b>(140,400)</b>	<b>1,742,938</b>
<b>Non-current liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,216,997</b>	<b>—</b>	<b>—</b>	<b>1,216,997</b>
<b>Total equity and liabilities</b>	<b>1,285,034</b>	<b>1,511,945</b>	<b>1,330,056</b>	<b>1,186,500</b>	<b>918,852</b>	<b>(1,640,405)</b>	<b>4,591,982</b>

### Notes

- The financial information relating to the Company has been extracted without adjustment from the audited financial information set out in Part VI "Information Incorporated by Reference" of this Document.
- The financial information relating to DMS Holding 2017 Ltd has been extracted without adjustment from the audited financial information set out in Part V of this Document.
- The financial information relating to Direct Market Services Limited has been extracted without adjustment from the audited financial information set out in Part V of this Document.
- The adjustment represents a drawdown of £1.255 million against the Loan Notes. In accordance with IFRS, the associated costs of £68,500 have been deferred and allocated against the loan drawdown, giving rise to net cash received of £1.186 million. The *pro forma* statement of comprehensive income has been prepared on the basis that the drawdown from the Loan Notes took place on 1 October 2018. As such, an interest charge of £37,650 has been recognised in the statement of comprehensive income, calculated at a rate of 3%. The net interest charge of £37,650 generates an increase in the Group's tax credit of £7,154 calculated at the Group's effective tax rate of 19%.
- Net proceeds represents the following:
  - £1.2 million cash raised from the placing of 1,200,000,000 0.067p ordinary shares at a price of 0.1p each; less
  - Transaction costs of £281,148, which have been written off against the Company's share premium reserve; less
  - Cash consideration for the Acquisition of £460,000.
- The elimination of intercompany balances represents the removal of DMS Holding's investment in DMSL.

## Unaudited *pro forma* statement of comprehensive income

	Company year ended 30 September 2019 (Note 1) £	DMS Holdings 2017 Ltd year ended 30 April 2019 (Note 2) £	Direct Market Services Limited year ended 30 April 2019 (Note 3) £	Adjustment Inter- company adjustments (Note 4) £	Adjustment Loan drawdown (Note 5) £	Unaudited <i>pro forma</i> comprehensive income £
Turnover	2,452,154	37,167	3,148,547	(37,167)	—	5,600,701
Cost of Sales	(1,973,449)	(36,997)	(1,451,082)	36,997	—	(3,424,531)
<b>Gross profit</b>	<b>478,705</b>	<b>170</b>	<b>1,697,465</b>	<b>(170)</b>	<b>—</b>	<b>2,176,170</b>
Other income	106,637	—	—	—	—	106,637
Administration expenses	(2,686,788)	(39)	(1,398,836)	—	—	(4,085,663)
Write off shareholder loan	456,341	—	—	—	—	456,341
<b>Operating profit/loss</b>	<b>(1,645,105)</b>	<b>131</b>	<b>298,629</b>	<b>(170)</b>	<b>—</b>	<b>(1,346,515)</b>
Interest payable and similar charges	(34,239)	—	—	—	(37,650)	(71,889)
Interest receivable and Similar income	6,158	143,000	32,653	(143,000)	—	38,811
<b>Profit/loss before taxation</b>	<b>(1,673,186)</b>	<b>143,131</b>	<b>331,282</b>	<b>(143,170)</b>	<b>(37,650)</b>	<b>(1,379,593)</b>
Taxation	—	(25)	(11,967)	—	7,154	(4,839)
<b>Profit/loss for the year</b>	<b>(1,673,186)</b>	<b>143,106</b>	<b>319,315</b>	<b>(143,170)</b>	<b>(30,497)</b>	<b>(1,384,432)</b>

### Notes

1. The financial information relating to the Company has been extracted without adjustment from the audited financial information set out in Part VI "*Information Incorporated by Reference*" of this Document.
2. The financial information relating to DMS Holding 2017 Ltd has been extracted without adjustment from the audited financial information set out in Part V of this Document.
3. The financial information relating to Direct Market Services Limited has been extracted without adjustment from the audited financial information set out in Part V of this Document.
4. Intercompany income and expenses of the Company, DMS Holding 2017 Ltd and Direct Market Services Limited have been eliminated.
5. The *pro forma* statement of comprehensive income has been prepared on the basis that the drawdown from the Loan Notes took place on 1 October 2018. As such, an interest charge of £37,650 has been recognised in the statement of comprehensive income, calculated at a rate of 3%. The net interest charge of £37,650 generates an increase in the Group's tax credit of £7,154 calculated at the Group's effective tax rate of 19%.
6. One-off transaction costs payable to professional advisers in respect of the Acquisition totalled £281,148, of which £Nil had been paid in the year ended 30 September 2019, therefore £281,148 of transaction expenses were payable as at 30 September 2019. The entirety of these costs have been written off against the Company's share premium reserve, as a result, none of these costs are included in the unaudited *pro forma* statement of comprehensive income.

The *Pro Forma* Financial Information does not reflect any changes in the trading position or any other changes arising from other transactions, since 30 September 2019 for the Company or since 30 April 2019 for DMS Holding 2017 Ltd and Direct Market Services Limited.

## **PART IX**

### **TAXATION**

#### **Taxation in the UK**

The following information is based on UK tax law and HM Revenue and Customs (“HMRC”) practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only. Any person who is in any doubt about his or her position should contact their professional advisor immediately.

##### **1.1 Tax treatment of UK investors**

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

##### **1.2 Dividends**

Where the Company pays dividends, no UK withholding taxes are deducted at source. Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends.

UK resident individual Shareholders who are domiciled in the UK, and who hold their Ordinary Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers.

Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

##### **1.3 Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain.

The rate of capital gains tax on disposal of Ordinary Shares by basic rate taxpayers is 10 per cent., and 20 per cent. for upper rate and additional rate taxpayers.

For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares, but will not create or increase an allowable loss.

Subject to certain exemptions, the corporation tax rate applicable to taxable profits is currently 19 per cent., falling to 17 per cent. after 1 April 2020. There is a Budget in early February 2020 and the rates may change.

#### **1.4 Further information for Shareholders subject to UK income tax and capital gains tax**

##### ***“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 HMRC to raise tax assessments so as to cancel “*tax advantages*” derived from certain prescribed “*transactions in securities*”.

#### **1.5 Stamp Duty and Stamp Duty Reserve Tax**

No UK stamp duty or stamp duty reserve tax (“**SDRT**”) will be payable on the allotment and issue of ordinary shares pursuant to the placing.

Most investors will purchase existing ordinary shares using the crest paperless clearance system and these acquisitions will be subject to stamp duty reserve tax at 0.5%. where ordinary shares are acquired using paper (i.e. non-electronic settlement) stamp duty will become payable at 0.5% if the purchase consideration exceeds £1,000.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

**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 OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.**

## PART X

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names appear on page 19 of this Document, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and makes no omission likely to affect its import.

#### 2. The Company and the Group

- 2.1. The Company was incorporated and registered in England and Wales on 2 March 2016, under the Act, as a public company limited by shares with the name Tarland Plc. The Company's registered number is 10037980.
- 2.2. On 22 March 2016, the Directors passed a written resolution to change the Company's name to Toople Plc.
- 2.3. The Company was granted a certificate to trade on 18 April 2016.
- 2.4. The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 2.5. The Ordinary Shares have an ISIN of GB00BZ8TP087.
- 2.6. The principal purpose of the Company is as the holding company for the Group and the Group's principal business is as a technology focused telecoms business.
- 2.7. The Company's registered office is PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, SG6 9BL and the principal place of business is at The Chapel, Grenville Court, Britwell Road, Burnham Buckinghamshire SL1 8DF and the telephone number is 0800 049 9499.
- 2.8. The liability of the Company's members is limited.
- 2.9. The financial year end of the Company is 30 September in each year.
- 2.10. The Company is the parent company of the Group and holds 100% of the following subsidiaries, all of which are registered in England and Wales:

Company Name	Company Number	Date of incorporation	Principal business
Toople.com	06762397	1 December 2008	Provider of telecoms services
Toople Finance	09967768	25 January 2016	Dormant
Toople Management	09967788	25 January 2016	Dormant
AskMerlin	06762364	1 December 2008	Owner of the Group's Merlin Platform

- 2.11. AskMerlin Limited has one wholly owned subsidiary being AskMerlin Poland, a company incorporated on 1 July 2015 in Poland with company number 0000565369, whose principal business is the employment of the Group's team of software developers.

#### 3. Share Capital

- 3.1. On incorporation, the Company had an unlimited authorised share capital and an issued share capital of 36,000,000 Ordinary Shares of par value 0.0667 pence each.
- 3.2. On 15 April 2016, 39,000,000 Ordinary Shares were issued and allotted to David Breith in accordance with the terms of the Share Exchange Agreements.
- 3.3. On 12 June 2017, 75,537,732 Ordinary Shares were issued and allotted pursuant to a subscription and offer as described in a prospectus published by the Company on 2 June 2017 (the "2017 Offer").

- 3.4. On 13 March 2018, 24,462,268 Ordinary Shares were issued and allotted pursuant to a private placing.
- 3.5. On 28 March 2018, 3,913,894 Ordinary Shares were issued in lieu of advisory services to the Company.
- 3.6. On 14 March 2018, pursuant to a General Meeting of Shareholders:

- 3.6.1. The Directors were generally and unconditionally authorised, in accordance with section 551 of the Act, to exercise all the powers of the Company to allot relevant securities comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £100,050.

The authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months after the date on which the resolution was passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

- 3.6.2. The directors were generally and unconditionally empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in section 560 of the CA 2006) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to the allotment of equity securities or sale of treasury shares to any person up to an aggregate nominal amount of £100,050 .

The authority granted by this resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, 15 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

- 3.7. On 30 August 2018, pursuant to a General Meeting of Shareholders:

- 3.7.1. The Directors were generally and unconditionally authorised, in accordance with section 551 of the Act, to exercise all the powers of the Company to allot relevant securities comprising equity securities (as defined by section 560 of the Act) up to an aggregate nominal amount of £667,000.

The authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months after the date on which the resolution was passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

- 3.7.2. The directors were generally and unconditionally empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in section 560 of the CA 2006) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to the allotment of equity securities or sale of treasury shares to any person up to an aggregate nominal amount of £667,500 .

The authority granted by this resolution will expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, 15 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be



allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

3.8. On 22 March 2019, pursuant to an Annual General Meeting of the shareholders:

3.8.1. The Directors were generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act) to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (Rights) up to an aggregate nominal amount of £127,314.

This authority shall, unless renewed, varied or revoked by the Company expire on the date which is 15 months after the date on which the resolution was passed or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority was in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

3.8.2. The Directors were generally and unconditionally empowered to allot equity securities (as defined by Section 560 of the Act) for cash, or by way of a sale of treasury shares, as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £127,314.

3.9. On 28 May 2019, the Directors announced that the Company had raised gross proceeds of £662,231 from the placing of 189,208,896 new ordinary shares of 0.0667 pence each in the Company at a price of 0.35 pence per share. Application was made for the new shares to be admitted on 3 June 2019.

3.10. As at the date of this Document, the issued share capital of the Company consists of 1,143,589,455 Ordinary Shares (all of which are fully paid).

3.11. The New Ordinary Shares will be issued pursuant to the Resolutions subject to the Resolutions being adopted at the General Meeting .

3.12. As at the date of this Document there are in issue and outstanding 40,997,291 Warrants.

3.13. The Company has agreed, conditional upon Admission to issue the 2020 Warrants over new Ordinary Shares as described in paragraphs 13.10 of this Part X.

3.14. The Company has agreed to issue the Fee Shares as described in paragraph 19 of Part I of this Document.

#### 4. **Articles of Association**

The Articles of Association, which were adopted on incorporation contain, *inter alia*, provisions to the following effect:

##### 4.1. *Voting Rights*

- i. Subject to any special rights or restrictions as to voting attached to any Ordinary Shares by or in accordance with the Articles, every motion put to a vote at a meeting of Shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one Shareholder entitled to vote who is present in person or by proxy.
- ii. on a vote by show of hands, every person present who is a Shareholder or proxy holder and entitled to vote on the matter has one vote, save that where a proxy is appointed by more than one member he shall have one vote for and one vote against and the proxy has been instructed by one or more such members to vote for the resolution and one or more such members to vote against the resolution (including where the proxy has been given the discretion to vote as he shall see fit). Any person



duly authorised to act as the representative of a corporate Shareholder (or each of them if more than one) has the same voting rights as the Shareholder would be entitled to; and

- iii. on a poll, every Shareholder who is present in person or by representative (in the case of a corporate Shareholder) or by proxy shall have one vote for every share of which he is the holder. On a poll, a Shareholder (present in person or by representative or by proxy) entitled to more than one vote need not, if he votes, use all of his votes or cast all the votes he uses in the same way.

#### 4.2. *Restrictions on Voting*

In the case of joint holders of a share, the person whose name appears first in the register of Shareholders is entitled, to the exclusion of the other joint holders, to vote, whether in person or by proxy, in respect of the share.

#### 4.3. *Major Shareholders*

Nothing in the Articles confers on major shareholders in the Company any voting rights, which are different to those conferred on the holders of Ordinary Shares as described in this paragraph 4.

Pursuant to Rule 5 of the Disclosure Rules, holders of three per cent. or more of the voting rights of the Company's share capital are required to notify their interest in writing to the Company.

#### 4.4. *Transfer of Shares*

- i. The Ordinary Shares now in issue are in registered form. Title to the Ordinary Shares in issue or to be issued may be transferred by means of a relevant system such as CREST.
- ii. Save as set out in paragraph 4.4(iv) below there are no restrictions on the transfer of shares and there are no pre-emption rights on transfer in respect of them.
- iii. Title to, and interest in, shares held in certificated form may be transferred by a written instrument of transfer in any usual form or in any other form approved by the Board. The instrument of transfer shall be signed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members in respect thereof.
- iv. The Board may refuse to register any transfer of shares:
  - (a) which are not fully paid;
  - (b) which are held in certificated form, unless the instrument of transfer is duly stamped, is deposited at the office or such other place as the directors may appoint and is 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;
  - (c) which are held in certificated form, unless the instrument of transfer is in respect of only one class of share;
  - (d) in the event that the proposed transfer is in favour of more than four transferees; and
  - (e) which are held in uncertificated form, in the circumstances set out in the Regulations.

If the Board refuses to register a transfer it must, within two months after the date on which the instrument of transfer was lodged with the Company, send notice of the refusal to the transferor and the transferee, together with the reason therefore.

If the Board refuses to register a transfer it must, within two months after the date on which the instrument of transfer was lodged with the Company, send notice of the refusal to the transferor and the transferee, together with the reason therefore.

#### 4.5. *Requirement to disclose interests in shares*

- i. If at any time the Board is satisfied in its absolute discretion that any Shareholder, or any other person appearing to be interested in shares held by such Shareholder, has been duly served with a notice under Section 793 of the Act (a "Section 793 Notice") and is in default for the period of 14 days from service of the said Section 793 Notice in supplying to the Company the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice (a "disenfranchisement notice") to such Shareholder direct that:
  - (a) in respect of the shares in relation to which the default occurred (the "default shares", which expression includes any shares issued after the date of the Section 793 Notice in respect of those shares) the Shareholder shall not be entitled to attend or vote either personally or by proxy or by representative at a general meeting or at a separate meeting of the holders of that class of shares or on a poll; and
  - (b) where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class (calculated exclusive of any shares of that class held as treasury shares), the disenfranchisement notice may additionally direct that in respect of the default shares:
  - (c) no payment shall be made by way of dividend;
  - (d) no transfer of any default share shall be registered unless:
    - the Shareholder is not himself in default as regards supplying the information requested and the transfer, when presented for registration, is accompanied by a certificate by the Shareholder in such form as the Board may in its absolute discretion require to the effect that, after due and careful enquiry, the Shareholder is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer;
    - the transfer is an approved transfer; or
    - registration of the transfer is required by the Regulations.
- ii. Any disenfranchisement notice shall cease to have effect:
  - (a) on the registration in accordance with the Articles of a transfer of any default shares, but only in relation to the shares transferred;
  - (b) when the Board is satisfied in its absolute discretion that the Company has received all the information required by the relevant Section 793 Notice.
- iii. The Board may at any time send a notice cancelling a disenfranchisement notice.

#### 4.6. *Dividends*

- i. The profits of the Company available for distribution and resolved to be distributed are applied in the payment of dividends to the Shareholders in accordance with their respective rights and priorities. The Company in general meeting may declare dividends accordingly provided that no dividend or interim dividend is payable otherwise than in accordance with the provisions of the Act and no dividend may exceed the amount recommended by the directors.
- ii. Subject to the provisions of the Act and of the Articles, the directors of the Company may, if they think fit, from time to time pay to the Shareholders such interim dividends as appear to the directors to be justified by the distributable profits of the Company.
- iii. The Directors of the Company may deduct from any dividend or other money payable to any Shareholder on or in respect of a share all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

- iv. All dividends, interest or other sums payable and unclaimed for one year, after having been declared, may be invested or otherwise made use of for the benefit of the Company until claimed and the Company is not constituted a trustee in respect of them. No dividend will bear interest as against the Company. Any dividend which has remained unclaimed for a period of 12 years from the date on which it becomes due for payment will, if the directors of the Company so resolve, be forfeited and cease to remain owing by the Company and will from then on belong to the Company absolutely.
- v. The Board may, subject to the provisions of the Articles and if authorised by an ordinary resolution of the Company, offer any holders of ordinary shares, the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole, or some part to be determined by the Board, of any dividend specified by the ordinary resolution.
- vi. A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways and where any difficulty arises in regard to a distribution of this nature, the directors may settle the difficulty as they deem advisable, and, in particular, may issue fractional certificates and may fix the value for distribution of such specific assets or any part of them, and may determine that cash payments will be made to any Shareholders upon the basis of the value so fixed, in order to adjust the rights of Shareholders. They may vest any specific assets in trustees upon trust for the persons entitled to the dividend as may seem expedient to the directors and, generally, may make such arrangements for the allotment, acceptance and sale of such specific assets or fractional certificates, or any part of them, and otherwise as they think fit.
- vii. All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.
- viii. If several persons are joint Shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.
- ix. Any dividend or other distribution payable in cash in respect of shares may be paid by cheque or warrant, made payable to the order of the person to whom it is sent, and mailed to the registered address of the Shareholder, or in the case of joint Shareholders, to the address of any one of such joint Shareholders, or to the person and to the address the Shareholder or joint Shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.
- x. The directors may, subject to the Articles and with the authority of an ordinary resolution of the Shareholders, from time to time capitalize any undivided profits of the Company of the Company not required for paying any fixed dividends on shares issued on terms requiring payment of the same (whether or not they are available for distribution) and which profits shall be deemed to include any amounts for the time being standing to any reserve or reserves or to the Company's share premium or other special account or to the capital redemption reserve.

#### 4.7. *General meetings*

- i. The Company shall in each calendar year hold a general meeting as its annual general meeting in addition to any other meetings in that year and such annual general meeting shall be held at such time (consistent with the terms of the Act) and place as may be determined by the directors of the Company.
- ii. The directors may, whenever they think fit, and shall, on requisition in accordance with the Act and the Articles of the Company, proceed to convene a general meeting.

- iii. An annual general meeting and each other general meeting of the Company shall be called by notice of at least such length as is required in the circumstances by the Act. The Company may give such notice by any means or combination of means permitted by law.
- iv. Every notice of a general meeting must be in writing and specify the date, location and the time of meeting, the general nature of the business to be dealt with and, in the case of an annual general meeting, the fact that it is an annual general meeting.
- v. Notices shall be given those persons required to be given notice in accordance with the Articles, but the accidental omission to give notice of a meeting or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to, or the non-receipt of notice of a meeting or such form of proxy by, any person entitled to receive the same will not invalidate the proceedings at that meeting.
- vi. In every notice calling a general meeting of the Company or any class of the Shareholders of the Company, there must appear, with reasonable prominence, a statement that a Shareholder 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 and that the Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the Shareholder.
- vii. Where special notice of a resolution is required by any provision contained in the Act, the resolution is not effective unless notice of the intention to move it has been given to the Company at least 28 days (or such shorter period as the Act permits) before the meeting at which it is moved and the Company must give to its Shareholders notice of any such resolution as required by and in accordance with the provisions of the Act.

#### 4.8. *Redemption*

The Ordinary Shares are not redeemable.

#### 4.9. *Changes in share capital*

- i. The Company may alter its share capital in accordance with the provisions of the Act.
- ii. Whenever as a result of any consolidation of shares any Shareholders would become entitled to fractions of a share, the Board may deal with the fractions as it thinks fit and, in particular, may on behalf of those Shareholders, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the net proceeds of sale in due proportion among the Shareholders who would have been entitled to the fractions of shares. For the purpose of any such sale, the Board may authorise some person to sign an instrument of transfer of the shares representing the fractions to their purchaser, whose name will be entered in the register of Shareholders as the holder of the shares and who will not be bound to see to the application of the purchase money and the title to the shares of such purchaser will not be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### 4.10. *Variation of rights*

Subject to the provisions of the Act and of the Articles, the special rights attached to any class of share in the Company may, by special resolution, be varied or abrogated.

#### 4.11. *Constitution of board of directors*

Unless and until otherwise determined by the Company by ordinary resolution, the number of directors (other than alternate directors) shall not be fewer than two nor more than 10.

#### 4.12. *Permitted interests of, and restrictions on voting by, directors*

- i. If a Director is in any way, directly or indirectly, interested in a proposed contract with the Company or a contract that has been entered into by the Company, he must declare the nature and extent of that interest to the directors in accordance with the Act.

- ii. Provided he has declared his interest in accordance with the Articles, a director may be in any way, directly or indirectly, interested in any contract or arrangement or transaction with the Company and he may hold and be remunerated in respect of any office or place of profit (other than the office of auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a Shareholder) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.
- iii. Save as provided in the Articles, 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.
- iv. Subject to the provisions of the Act, and subject always to the provisions of Articles concerning directors' conflicts 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, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by another person at the request of or for the benefit of the Company or any of its subsidiaries;
  - (b) the giving of any security, guarantee 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 the giving of security;
  - (c) the giving to him of any indemnity where all other directors are also being offered indemnities on substantially the same terms;
  - (d) the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other directors are being offered substantially the same arrangement;
  - (e) 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 as a holder of shares, debentures or securities or in the underwriting or sub-underwriting thereof;
  - (f) 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 (together with persons connected with him within the meaning of section 252 of the Act) is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to Shareholders of the relevant company;
  - (g) any proposal concerning the purchase and/or maintenance of any insurance policy against any liability of his or under which he may benefit; and
  - (h) any proposal concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to directors and employees of the Company or any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates.

#### 4.13. *Directors' Conflicts*

- i. The Directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise, to the fullest extent permitted by law:
  - (a) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties); and
  - (b) a director to accept or continue in any office, employment or position in addition to his office as a director of the Company and without prejudice to the generality of (a) above may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises,provided that for this purpose the director in question and any other interested director are not counted in the quorum at any meeting of the Board at which such matter, or such office, employment or position, is approved and it is agreed to without their voting or would have been agreed to if their votes had not been counted.
- ii. If a matter, or office, employment or position, has been authorised by the directors in then:
  - (a) the director shall not be required to disclose any confidential information relating to such matter, or such office, employment or position, to the Company if to make such a disclosure would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that matter, or that office, employment or position;
  - (b) the director may absent himself from meetings of the directors at which anything relating to that matter, or that office, employment or position, will or may be discussed; and
  - (c) the director may make such arrangements as such director thinks fit for Board and committee papers to be received and read by a professional adviser on behalf of that director.
- iii. A director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any matter, or from any office, employment or position, which has been approved by the directors pursuant to the Articles (subject in any such case to any limits or conditions to which such approval was subject).

#### 4.14. *Appointment and retirement of directors*

- i. At every annual general meeting of the Company, any director:
  - (a) who has been appointed by the Board since the last annual general meeting; or
  - (b) who held office at the time of the two preceding annual general meetings and who did not retire at either of them,shall retire from office and may offer himself for election/re-election by the Shareholders.
- ii. The Company at the meeting at which a director retires in accordance with the Articles may fill the vacated office and, if the Company does not do so, the retiring director shall, if willing to act, be deemed to have been re-elected unless at such meeting it is expressly resolved not to fill the vacancy or unless a resolution for the re-election of such director is put to the meeting and lost and a director who retires at an annual general meeting may, if willing to act, be re-elected. If he is not re-elected or deemed re-elected, he shall retain office until the meeting elects someone in his place, or if it does not do so, until the end of the meeting.



- iii. No person other than a director retiring pursuant to the Articles shall be elected as a director at any general meeting unless:
  - (a) recommended by the Board; or
  - (b) not fewer than seven nor more than 42 clear days before the day appointed for the meeting, there is given to the Company notice signed by a Shareholder entitled to attend and vote at the meeting of the intention to propose that person for election stating the particulars which would, if that person were to be elected, be required to be included in the Company's register of directors together with notice signed by that person of his willingness to be elected.
- iv. The Company may by ordinary resolution elect any person who is willing to act to be a director, either to fill a casual vacancy or as an additional director. The election of a person to fill a vacancy or as an additional director shall take effect from the end of the meeting.
- v. The Board may appoint any person who is willing to act to be a director, either to fill a casual vacancy or as an additional director, but so that the total number of directors does not at any time exceed the maximum number of directors, if any, fixed by or in accordance with the Articles. Subject to the provisions of the Act and of the Articles, any director so appointed by the Board shall hold office only until the conclusion of the next following annual general meeting and is eligible for election at that meeting.
- vi. The office of a director must be vacated and he shall automatically cease to be a member of any committee in any of the following events;
  - (a) he resigns his office by notice in writing given to the Company;
  - (b) if he becomes bankrupt or makes any arrangement or composition with his creditors generally or shall apply to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
  - (c) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs and the Board resolves that his office be vacated;
  - (d) a registered medical practitioner who is treating him gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
  - (e) he has been absent from meetings of the Board for more than six consecutive months without permission of the Board and his alternate director (if any) has not during such period attended in his place, and the Board resolves that his office be vacated;
  - (f) he ceases to be a director by virtue of any provision of the Act or pursuant to the Articles; or
  - (g) he becomes prohibited by law from being a director.
- vii. Notwithstanding any provision of the Articles or in any agreement between the Company and the director, and without prejudice to (and in accordance with) the provisions of the Act, the Company may by ordinary resolution remove any director before the expiry of his period of office and special notice in accordance with section 312 of the Act must be given of any such resolution to remove a director. Any such removal of a director is without prejudice to any claim such director may have for breach of any contract of service between him and the Company.

#### 4.15. *Remuneration of directors*

The Directors (other than alternate directors) shall be paid such remuneration (by way of fee) for their services as may be determined by the Board save that, unless otherwise approved by ordinary resolution of the Company in general meeting, no director shall be entitled to a fee in excess of £100,000 per annum, and the aggregate maximum amount per annum to be

paid to directors by way of fees shall be, without approval of the members by resolution, £500,000. In the case of an executive director, such fees (if any) are payable to him in addition to his remuneration by way of salary, commission, profit participation or otherwise as an executive director.

4.16. *Proceedings of Directors*

- i. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.
- ii. Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting shall have a second or casting vote. A director who is also an alternate director shall be entitled, in the absence of the director whom he is representing, to a separate vote on behalf of such director in addition to his own vote.
- iii. A Director may, and the secretary on the requisition of a director must, at any time call a meeting of the directors.
- iv. Notice of meetings of the Board is deemed to be duly given to a director if it is given to him personally or by word of mouth or sent in writing to him at his last known address or any other address given by him or on his behalf to the Company for this purpose or sent by electronic means to such address (if any) for the time being notified by him or on his behalf to the Company for this purpose. Any director may waive notice of any meeting and any such waiver may be retrospective. Any communication by electronic means pursuant to this Article need not comprise writing if the Board so determines.
- v. The quorum necessary for the transaction of the business of the Board may be determined by the Board and, unless so determined at any other number, shall be two. A director or other person who is present at a meeting of the Board in more than one capacity (that is to say, as both director and an alternate director or as an alternate for more than one director) shall not be counted as two or more for quorum purposes unless at least one other director or alternate director is also present. A meeting of the Board for the time being at which a quorum is present is competent to exercise all powers and discretions for the time being exercisable by the Board.
- vi. All or any of the directors may validly participate in a meeting of the Board or any committee of the Board by means of a conference telephone or any other communication equipment which allows all persons participating in the meeting to hear and speak to each other. Any person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly. Subject to the Act, all business transacted in such a manner by the Board or committee of the Board shall, for the purposes of the Articles, be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that fewer than two directors or alternate directors are physically present at the same place. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the chairman of the meeting is then present.
- vii. The continuing Directors may act notwithstanding any vacancy in their number. If the number of the directors is less than the minimum number fixed in accordance with the Articles, the remaining director or directors must immediately, and may act only to, appoint an additional director or additional directors to make up such minimum or to convene a general meeting of the Company for the purpose of making such appointment. If there is no director or directors able or willing to so act, any two Shareholders may summon a general meeting for the purpose of appointing directors.



- viii. A resolution in writing signed by all of the directors entitled to receive notice of a meeting of the Board or of a committee of the Board (not being less than the number of directors required to form a quorum of the Board) shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held. For this purpose:
  - (a) a resolution may be by means of an instrument or communication in electronic form sent to such address (if any) for the time being notified by the Company for that purpose;
  - (b) a resolution may consist of several instruments or communications in electronic form each signed by one or more directors, or a combination of both;
  - (c) a resolution signed by an alternate director need not also be signed by his appointor; and
  - (d) a resolution signed by a director who has appointed an alternate director need not also be signed by the alternate director in that capacity.

#### 4.17. *Borrowing powers*

- i. The Company, if authorised by the Directors, may:
  - (a) borrow money;
  - (b) indemnify and guarantee;
  - (c) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;
  - (d) create and issue debentures and other securities; and
  - (e) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- ii. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards the subsidiary undertakings, so far as by such exercise they can secure) that the aggregate of the amounts borrowed by the Group and remaining outstanding at any time (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to two times the Adjusted Capital and Reserves. For these purposes "Adjusted Capital and Reserves" shall mean a sum equal to the aggregate, as shown by the relevant balance sheet, of the amount paid up or credited or deemed to be paid up on the issued or allotted share capital of the Company and the amount standing to the credit of the reserves (including, without limitation, the profit and loss account and any share premium account or capital redemption reserve) of the Company and its subsidiary undertakings included in the consolidation in the relevant balance sheet but after:
  - (a) making such adjustment as may be appropriate to reflect the profit or loss of the Company since the relevant balance sheet;
  - (b) excluding any amount set aside for taxation (including any deferred taxation) or any amounts attributable to outside shareholders in subsidiary undertakings of the Company;
  - (c) making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital and or any reserves (other than the profit and loss account) after the date of the relevant balance sheet. For this purpose, if any issue or proposed issue of shares by the Company for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription monies paid for them (other than money to be paid more than six months after the allotment date) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);

- (d) making such adjustments as may be appropriate in respect of any distribution declared, recommended, made or paid by the Company or its subsidiary undertakings (to the extent not attributable directly or indirectly to the Company) out of profits earned up to and including the date of the relevant balance sheet to the extent such distribution is not provided for in such balance sheet;
- (e) making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings (including a variation where an undertaking ceases to be a subsidiary undertaking) since the date of the relevant balance sheet; and
- (f) making such adjustments as the auditors of the Company may consider appropriate.

#### 4.18. *Distribution of Assets on a Winding up*

If the Company is wound up, the liquidator may, without prejudice to any other right or power that the liquidator may have to divide or transfer the assets in specie, with the authority of a special resolution and any other authority required by law, divide among the members in specie the whole or any part of the assets of the Company. This applies whether the assets shall consist of property of one kind or different kinds. For this purpose, the liquidator may set such value as the liquidator considers fair on any asset or assets and may determine how to divide it between the members or different classes of members. The liquidator may, with the authority of a special resolution and any other authority required by the law, transfer all or any part of the assets to trustees on such trusts for the benefit of members as the liquidator decides. Where the liquidator divides or transfers any assets in pursuance of the powers in this article, no Shareholder shall be required to accept any asset in respect of which there is a liability.

#### 4.19. *Indemnification*

Subject to the provisions of, and so far as may be consistent with (and not void under), the Act, every director, secretary or other officer of the Company or any associated company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office. Subject to the provisions of the Act, the Company shall have the power to purchase and maintain for any director, officer or employee of the Company or any associated company insurance against any liability.

The Company may fund a director's expenditure and that of a director of any subsidiary of the Company for any purposes permitted under the Act (including, without limitation, for the purposes permitted under sections 205 and 206 of the Act) and may do anything to enable a director or a director of any subsidiary of the Company to avoid incurring such expenditure as provided in the Act (including, without limitation, for the purposes permitted under sections 205 and 206 of the Act).

### 5. **Takeover Regulation**

#### 5.1. ***Mandatory bid***

The City Code applies to the Company. Under Rule 9 of the City Code, if:

- (a) a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested.

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

## 5.2. **Sell out**

The Act gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 5.3. **Squeeze Out**

Under the Act, if a takeover offer (as defined in section 974 of the Act) is made for the 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 takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Act must, in general, be the same as the consideration that was available under the takeover offer.

## 6. **Directors' interests**

- 6.1. The interests of each of the Directors (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at the date of this Document or which are interests of a person connected with a Director (within the meaning of section 252 of the Act) and the existence of which is known or could, with reasonable diligence, be ascertained by a Director and as they are expected to be immediately following Admission are as follows:

Name	Number of Ordinary Shares as at the date of this Document	Percentage of Ordinary Shares as at the date of this Document	Number of Fee Shares to be issued conditional on Admission	Number of Placing Shares expected to be subscribed for	Total expected number of Ordinary Shares on Admission <sup>1</sup>	Percentage of Enlarged Share Capital (assuming full subscription under the Placing) <sup>1</sup>
Andrew Hollingworth	28,250,000	2.47%	—	—	28,250,000	0.8%
Richard Horsman	12,500,000	1.09%	41,666,680	16,000,000	70,166,680	1.99%
Geoffrey Wilson	6,366,666	0.56%	28,800,000	—	35,166,666	1.00%
Kevin Lawrence	3,966,666	0.35%	55,995,000	—	59,961,666	1.70%

<sup>1</sup> This assumes that there are no changes in the relevant Directors' shareholding other than set out here prior to Admission.

- 6.2. Save as disclosed in this paragraph 6, as at the date of this Document none of the Directors (nor any person connected with them within the meaning of section 252 of the Act) had or will have any interest, beneficial or otherwise, in any share or loan capital of the Company or its subsidiary.
- 6.3. There are no loans or guarantees provided by any member of the Company for the benefit of any of the Directors nor are there any loans or guarantees provided by any of the Directors to any member of the Company for the benefit of the any member of Group.

- 6.4. As at the date of this Document, no Director holds warrants or options to subscribe for Ordinary Shares, save for the following NED Warrants held by Richard Horsman and Geoffrey Wilson:

<b>Name</b>	<b>Number of NED Warrants</b>
Richard Horsman	2,000,000
Geoffrey Wilson	1,000,000

- 6.5. No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which was effected by the Company since its incorporation or which is or was unusual in its nature or conditions or significant to the business of the Company.

## **7. Director and management service contracts, remuneration and benefits in kind**

### **7.1. Executive Directors**

#### *Andrew Hollingworth*

Andrew Hollingworth, is employed as Chief Executive Officer under a service agreement with the Company dated 3 May 2016. He is entitled to a salary of £120,000 per annum. He is entitled to 35 days' paid holiday per annum (in addition to public and bank holidays in England and Wales). He will be entitled to participate in any pension scheme operated by the Group should one be set up. His service agreement contains a confidentiality clause that is without limit in time, along with post termination restrictions covering a period of 12 months from termination. His service agreement is terminable by either party on not less than 6 months' written notice, to expire on or after an initial 12 month term or immediately upon payment in lieu of notice and contains a garden leave clause.

#### *Kevin Lawrence*

Kevin Lawrence, is engaged as Chief Financial Officer under an agreement with the Company dated 21 June 2018 pursuant to which he is contracted to work one day per week and received an annual remuneration of £10,800. In addition, and pursuant to a separate arrangement, Kevin is entitled to be paid £700 per day for any days worked over and above his contractual one day per week. His arrangements are subject to 6 months' notice on either side.

### **7.2. Non-Executive Directors**

#### *Richard Horsman*

Richard Horsman was appointed as a director and non-executive Chairman of the Company on 3 March 2016 and on 3 May 2016 he entered into a letter of appointment with the Company, pursuant to which he entitled to an annual fee of £18,000 for up to 8 days' work per annum, which includes consideration for chairing the Remuneration Committee and for being a member of the Audit Committee. He will be entitled to an additional fee if he is required to perform any specific and additional services. The Chairman is not entitled to receive any compensation on termination of his appointment (other than payment in respect of a notice period where notice is served) and is entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of his duties.

Mr Horsman is entitled to 2,000,000 NED Warrants which vested on 3 May 2018.

Mr Horsman is subject to confidentiality undertakings without limitation in time.

Mr Horsman's appointment was for an initial term of three years commencing on 2016 Admission unless terminated earlier by either party giving to the other three month's prior written notice. The appointment may also be terminated pursuant to the Articles or as otherwise required by law. He is subject to re-election by the Company in general meeting in accordance with the Articles.

In addition the services of Mr Horsman are to be provided on a consultancy basis via High Lees Farm Partnership. Pursuant to the terms of the consultancy agreement High Lees Farm Partnership is entitled to be paid a fee of £32,000 plus any applicable VAT. The appointment was for an initial term of three years to be reviewed annually and terminable on three months' notice by either party.

### *Geoffrey Wilson*

Mr. Wilson was appointed as a director of the Company on 3 March 2016 and on 3 May 2016 he entered into a letter of appointment with the Company, pursuant to which he is entitled to an annual fee of £36,000 for up to 24 days' work per annum, which includes consideration for chairing the Audit Committee and being a member of the Remuneration Committee. He will be entitled to an additional fee if he is required to perform any specific and additional services. Mr Wilson is not entitled to receive any compensation on termination of his appointment (other than payment in respect of a notice period where notice is served) and entitled to be reimbursed all reasonable out-of-pocket expenses incurred in the proper performance of his duties.

Mr Wilson is entitled to 1,000,000 NED Warrants which vested on 3 May 2018. Mr Wilson is subject to confidentiality undertakings without limitation in time.

Mr Wilson's appointment is for an initial term of three years commencing on 2016 Admission, unless terminated earlier by either party giving to the other three month's prior written notice. The appointment may also be terminated pursuant to the Articles or as otherwise required by law. He is subject to re-election by the Company in general meeting in accordance with the Articles.

7.3. The Company has customary directors' and officers' indemnity insurance in place in respect of each executive director and each executive director has the benefit of an indemnity against directors' liability set out in the Articles.

7.4. With respect to the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

### **8. Other Directorships**

8.1. In addition to their directorship of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this Document.

<b>Director</b>	<b>Current Directorships</b>	<b>Past Directorships</b>
Andrew Hollingworth Kevin Lawrence	None Gardien (Kunshan) Co.Ltd Gardien (SEA) Pte. Ltd Gardien (Shenzhen) Co. Ltd Gardien (Wuxi) Co. Ltd Gardien Advanced Test Technology Corp Gardien Pacific Limited Gardien Taiwan Inc. KBL Consulting Limited	Cube Holdings Ltd
Richard Horsman	High Lees Farm Partnership JC Mackinlay and Co. Limited	
Geoffrey Wilson		Adicote Limited Arbor Low Limited Executel Ltd Future Office Communications Ltd Greystone Telecoms Ltd Opal Business Solutions Ltd Opal Connect Ltd Pipex Internet Ltd Southern Communications Networks Limited TalkTalk Business (2CCH) Ltd TalkTalk Communications Ltd TalkTalk Direct Ltd Tiscali UK Ltd UK Telco (GB) Ltd V Networks Ltd

- 8.2. Save as set out above, the Directors hold or have held no other directorships or been partners in any partnership within the five years preceding the date of this Document.
- 8.3. At the date of this Document none of the Directors have:
- (i) any unspent convictions in relation to indictable offences;
  - (ii) had any bankruptcy order made against him or entered into any voluntary arrangements;
  - (iii) has, in the last five years, been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any 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;
  - (iv) has, in the last five years, been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of 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;
  - (v) has, in the last five years, been the owner of any assets of a partner in any partnership which has been 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;
  - (vi) had any convictions for fraudulent offences;
  - (vii) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - (viii) 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 a company.
- 8.4. None of the Directors (nor any member of any of the Directors' families) has a related financial product referenced to the Ordinary Shares.
- 8.5. None of the Directors has any conflicts between any duties carried out on behalf of the Company and their private interests or other duties.

## 9. Disclosable interests

- 9.1. As at the date of this Document, and as expected to be the case at Admission (assuming the Placing is fully subscribed), the Directors were aware that the following persons were, or are likely to be, interested, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company as at that date:

<b>Name</b>	<b>Number of Ordinary Shares held as at the date of this Document</b>	<b>Percentage of Existing Ordinary Shares</b>	<b>Number of Ordinary Shares held on Admission<sup>1</sup></b>	<b>Percentage of Enlarged Share Capital (assuming full subscription of the Placing)<sup>1</sup></b>
Epsilon Investments Pte Limited	70,000,000	6.12%	70,000,000	1.99

<sup>1</sup> This assumes that there are no changes in the relevant Directors' shareholding other than set out here prior to Admission

- 9.2. Save as disclosed in paragraph 6.1 and paragraph 9.1 of this Part X, the Directors are not aware of any person who was at 30 January 2020 (the latest practicable date prior to the publication of this Document) interested, directly or indirectly, or who will, on Admission have an interest, directly or indirectly, in 3 per cent. or more of the issued share capital of the Company.



- 9.3. None of these substantial Shareholders have voting rights different from any other Shareholders.
- 9.4. Save as disclosed in paragraphs 6.1 and 9.1 of this Part X, the Company is not aware of any person who exercises or could exercise, directly or indirectly, jointly or severally, control over the Group.

#### 10. **Employees**

As at the date of this Document, excluding the Directors, the Group has 18 employees (excluding the Directors), of which, 15 live and work in England and 3 are employed in Poland by AskMerlin SP ZOO.

#### 11. **Working Capital**

The Company is of the opinion that the working capital available to the Enlarged Group, taking into account the Net Proceeds and the funds raised through the issue of the Loan Notes, is sufficient for the Enlarged Group's present requirements, that is for at least the 12 months from the date of this Document.

#### 12. **Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any other member of the Group within the two years immediately preceding the date of this Document and are or may be material:

##### *Contracts relating to the Company's Standard Listing*

##### *12.1. Financial Adviser Engagement Letter*

By way of an engagement letter dated 21 May 2018, Cairn was appointed as financial adviser in connection with the placing in 2018. Pursuant to the engagement, the Company agreed to pay Cairn a corporate finance fee of £20,000 plus VAT together with costs and expenses. The Company agreed to indemnify Cairn for any losses suffered by Cairn as a result of its engagement as financial adviser.

##### *12.2. Financial Adviser Admission Agreement*

By way of an engagement letter dated 6 November 2019, Cairn was appointed as financial adviser in connection with the proposed Acquisition and Placing. Pursuant to the engagement, the Company agreed to pay Cairn a corporate finance fee of £50,000 plus VAT together with costs and expenses. The Company agreed to indemnify Cairn for any losses suffered by Cairn as a result of its engagement as financial adviser.

##### *12.3. Broker Engagement Letters*

- i. By way of an engagement letter dated 3 March 2018 the Company appointed Novum to act as placing agent in respect of the 2018 Placing. Pursuant to the engagement letter, Novum agreed to act as placing agent and to use reasonable endeavours to place new Ordinary Shares with investors pursuant to the Placing. The fees charged by Novum are as follows: (i) an annual broking retainer of £20,000 plus VAT which will be satisfied in the first year by the issue of shares in the placing carried out by the Company in 2018; and (ii) a sales commission calculated at a rate of 5% of the gross aggregate value of the funds raised from investors introduced by Novum in the placing carried out by the Company in 2018. Pursuant to the engagement letter, the Company gave to Novum customary indemnities.
- ii. By way of an engagement letter dated 22 January 2020 the Company has appointed Novum to act as placing agent in respect of the Placing. Pursuant to the engagement letter, Novum agrees to act as placing agent and to use reasonable endeavours to place new Ordinary Shares with investors pursuant to the Placing. The fees charged by Novum are as follows: (i) pay to Novum a sales commission calculated at a rate of 7% (seven per cent.) of the gross aggregate value of the funds raised from investors introduced by Novum (all deductible from the proceeds of the Placing) and (ii) grant to Novum as registered holder warrants valid for three years from the issue date (subject to future shareholder approval if required) being the date of announcement of the Placing which shall give Novum the right to acquire shares equivalent to 7%

(seven per cent.) of the gross aggregate value of funds raised by Novum at the Placing Price. Pursuant to the engagement letter, the Company gave to Novum customary indemnities.

- iii. By way of an engagement letter dated 24 January 2020 the Company has appointed Turner Pope to act as placing agent in respect of the Placing. Pursuant to the engagement letter, Turner Pope agrees to act as placing agent and to use reasonable endeavours to place new Ordinary Shares with investors pursuant to the Placing. The fees charged by Turner Pope are as follows: (i) a sales commission calculated at a rate of 7.0% (seven per cent.) of the gross aggregate value of the funds sourced by TPI raised from investors in the Placing; (ii) a handling commission at a rate of 1.0% (one per cent.) of the gross aggregate value of any subscriptions by any of the Directors or their related parties or any other investors taking part in the Placing not sourced by TPI but where TPI is required or requested to handle the settlement of Placing subscriptions; and (iii) issue to TPI and Novum such number of warrants over new ordinary shares in the Company exercisable at the Placing price as equals 7.0% (seven per cent.) of the gross aggregate value of the funds raised from investors in the Placing exercisable at the holder's option at any time in the three years following Admission – such warrants shall, in the absence of agreement otherwise by TPI, be split equally between TPI and Novum. Pursuant to the engagement letter, the Company gave to Turner Pope customary indemnities.

#### 12.4. *Placing Agreement*

An agreement was entered into on 30 January 2020 between (1) the Company; (2) the Directors; (3) Novum, (4) Turner Pope pursuant to which Novum and Turner Pope have been appointed to use reasonable endeavours to place the Placing Shares with subscribers conditional upon, *inter alia*, the Resolutions being passed at the General Meeting, the receipt of the proceeds of the issue of the Loan Notes and on Admission. Under the Placing Agreement Novum and Turner Pope were entitled to the fees as set out in their respective engagement letters, further details of which are set out in paragraphs 12.3 above. Under the Placing Agreement the Directors gave certain customary warranties, undertakings and indemnities in favour of Novum and Turner Pope.

#### 12.5. *Service Agreements*

Details of the service agreements between the Company and each of Andrew Hollingworth, Kevin Lawrence and Geoff Wilson are set out in paragraph 7 of this Part X.

#### 12.6. *Letters of Appointment*

Details of the service agreements between the Company and Richard Horsman are set out in paragraph 7.2 of this Part X.

#### 12.7. *Consultancy Agreements*

- i. Details of the consultancy agreement between the Company and High Lees Farm Partnership dated 3 May 2016 pursuant to which High Lees Farm Partnership provides the services of Richard Horsman are set out at paragraph 7.2 of this Part X.
- ii. Details of the consultancy agreement between the Company and Kevin Lawrence are set out at paragraph 7.1 of this Part X.

#### 12.8. *NED Warrant Deed*

Two Warrant Deeds executed by the Company on 3 May 2016 pursuant to which the NED Warrants are constituted. Each NED Warrant entitles the holder to subscribe for 1 new Ordinary Share at an exercise price of 8 pence at any time during the period commencing on the date of vesting (being midnight on second anniversary of 2016 Admission) ("Vesting Date") and expiring at midnight on the second anniversary of the Vesting Date. The NED Warrants were granted to Richard Horsman and Geoffrey Wilson in the amounts set out in paragraph 6.4 of this Part X. It is a condition of the NED Warrants vesting that the holder thereof is a director of the Company on the date of vesting and all warrants have fully vested. The NED Warrant Deeds contains the usual anti-dilution protections.

#### 12.9. *2017 Warrant Deed*

A warrant deed containing the usual anti-dilution protections, dated 20 June 2017 pursuant to which 3,230,625 warrants over Ordinary Shares were granted to certain advisers in connection with the



2017 Offer. Each such warrant entitles the holder to subscribe for 1 new Ordinary Share at an exercise price of 2 pence per Ordinary Share at any time during the 3 year period expiring at midnight on 20 June 2020.

#### 12.10. 2018 Cairn Warrant Deed

A warrant deed containing the usual anti-dilution protections, dated 13 September 2018 pursuant to which 1,666,666 warrants over Ordinary Shares were granted to Cairn in connection with the 2018 Offer. Each such warrant entitles the holder to subscribe for 1 new Ordinary Share at an exercise price of 0.3 pence per Ordinary Share at any time during the 2 year period expiring at midnight on 25 September 2020.

#### 12.11. 2018 Novum Warrant Deed

A warrant deed containing the usual anti-dilution protections, dated 13 September 2018 pursuant to which 20,512,500 warrants over Ordinary Shares were granted to certain advisers in connection with the 2018 Offer. Each such warrant entitles the holder to subscribe for 1 new Ordinary Share at an exercise price of 0.5 pence per Ordinary Share at any time during the 2 year period expiring at midnight on 25 September 2020.

#### 12.12. 2018 Turner Pope Warrant Deed

A warrant deed containing the usual anti-dilution protections, dated 13 September 2018 pursuant to which 12,487,500 warrants over Ordinary Shares were granted to certain advisers in connection with the 2018 Offer. Each such warrant entitles the holder to subscribe for 1 new Ordinary Share at an exercise price of 0.5 pence per Ordinary Share at any time during the 2 year period expiring at midnight on 25 September 2020.

#### 12.13. 2020 Warrant Deed

The warrant deed containing the usual anti-dilution protections dated 30 January 2020 adopted by the Company pursuant to which the 2020 Warrants shall be constituted and pursuant to which the Company shall, conditional on Admission, grant the 2020 Warrants over Ordinary Shares. Once constituted, each 2020 Warrant shall entitle the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on the third anniversary thereof.

The Company has agreed, conditional on Admission, to issue 2020 Warrants (i) to TPI and to Novum to subscribe for 74,130,000 New Ordinary Shares and (ii) to Cairn to subscribe for 5,000,000 new Ordinary Shares.

#### 12.14. Placing Warrants

The warrant deed containing the usual anti-dilution protections dated 30 January 2020 adopted by the Company pursuant to which the Placing Warrants shall be constituted and pursuant to which the Company shall, conditional on Admission, grant the Placing Warrants over Ordinary Shares. Once constituted, each Placing Warrant shall entitle the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on the third anniversary thereof.

#### 12.15. Loan Termination Agreement between David Breith and Toople.com Limited

David Breith, when a director of Toople.com, made director's loans to Toople.com. The Company announced on 28 May 2019 that it had raised gross proceeds of £662,231 from the placing of 189,208,896 new Ordinary Shares in the Company at a price of 0.35 pence per share. The proceeds from this private placing were used to redeem the outstanding balance of the Founder Loan (approximately £750,000 at the time of the announced placing) at a substantial discount to its book value. David Breith agreed to accept a payment of £150,000 in full and final settlement of the Loan, subject to the payment being made by 31 May 2019.

#### 12.16. Acquisition Agreement

On 30 January 2020 the Company entered into a share purchase agreement with John Carter and Juli Carter pursuant to which the Company agreed to purchase the entire issued share capital of DMS Holding 2017 Limited, conditional *inter alia* upon the Resolutions being passed at the General Meeting, the receipt of the proceeds of the issue of the Loan Notes and completion of the Placing, for £1.56m subject to post completion adjustment comprising £460,000 cash at completion (subject to a downward adjustment at completion for any deficit in working capital at completion) and the

Consideration Shares. The Acquisition will not proceed if the conditions have not been satisfied or otherwise waived by the Company on or before 31 March 2020. The Acquisition Agreement contains customary warranties and indemnities from John and Juli Carter in favour of the Company. The Company is entitled to being a claim for breach of the tax warranties and indemnities for a period of 7 years following completion of the Acquisition and a claim for any other breach of warranties and indemnities for a period of 3 years following completion of the Acquisition. The liability of John and Juli Carter under the Acquisition Agreement is joint and several and limited to the total amount of consideration received by them under the Acquisition Agreement.

#### 12.17. Option Agreements

On completion of the Acquisition the Company and each of John Carter and Juli Carter will enter into the Option Agreements pursuant to which the Company will grant options to John Carter and Juli Carter to subscribe for (i) 25,000,000 new Ordinary Shares each at 0.01 pence per share which shall vest three years after the date of the Option Agreement; and (ii) 375,000,000 new Ordinary Shares each 0.01 pence per share which shall vest in three equal tranches three years after completion of the Acquisition subject to certain financial targets for DMSL having been met in each financial year. No option exercise can be completed to the extent that this would result in John Carter (together with any person with whom he may be acting in concert) would acquire an interest in the Company's shares exceeding 29.95%).

#### 12.18. *Orderly Market / Lock in Agreement*

John Carter and Juli Carter entered a lock in and orderly market agreement on 30 January 2020 with the Company and Cairn pursuant to which John Carter and Juli Carter have agreed with the Company and Cairn that they, and will use reasonable endeavours to procure that their connected persons (i) will not dispose of any interest in Ordinary Shares for a period of 3 years subject to certain exceptions and (ii) will consult with Cairn (or their successor) prior to disposal of any interest in Ordinary Shares after the expiry of 3 years from the date of the lock in agreement.

#### 12.19. *Loan Note Instrument*

On 30 January 2020 the Company adopted a loan note instrument constituting zero coupon secured loan notes for a face value of £1,625,000 with a maturity date of 31 December 2022. The Loan Note Instrument contains customary warranties, financial and other covenants and events of default. The Loan Note Instrument also contains information rights and board observer rights for the noteholders. The loan notes constituted under the Loan Note Instrument are repayable on the maturity date or in the event of the occurrence of an event of default. The loan notes constituted under the Loan Note Instrument will be secured by the Debentures. HomeSelect Finance as a party to the Loan Note Instrument has provided a commitment to subscribe for all of the Loan Notes constituted by the Loan Note Instrument pursuant to which the Company will drawdown £1,235,000, being the full subscription amount of the Loan Note, immediately prior to completion of the Acquisition and shall issue a loan note certificate to HomeSelect Finance with respect to the same.

#### 12.20. *Debentures*

Each of DMSL and DMS Holding shall, immediately following completion of the Acquisition, enter into a guarantee and debenture in favour of HomeSelect Finance to secure the obligations of the Company with respect to any loan notes issued pursuant to the Loan Note Instrument for so long as they remain outstanding. The debenture contains customary provisions to create fixed and floating charges over DMSL's and DMS Holding's assets and undertaking and grants rights to HomeSelect Finance as noteholders under the Loan Note Instrument to appoint an administrator.

#### 12.21. *HSF Warrant Deed*

A warrant deed containing the usual anti-dilution protections, dated 30 January 2020 pursuant to which 750,000,000 warrants over Ordinary Shares were granted to HomeSelect Finance in connection with HomeSelect Finance's subscription for loan notes under the Loan Note Instrument. Each such warrant entitles the holder to subscribe for 1 new Ordinary Share at the Placing Price at any time during the period commencing on Admission and expiring at midnight on 31 December 2022.

**13. Significant Change**

- 13.1. There has been no significant change in the financial performance of the Toople Group since 30 September 2019, and no significant change in the financial position of the Toople Group has occurred since 30 September 2019, being the date of the end of the last financial period for which the financial information on the Toople Group incorporated by reference in Part VI (Information Incorporated by Reference) to this Document has been published.
- 13.2. There has been no significant change in the financial performance of the DMS Holding Group since 30 April 2019, and no significant change in the financial position of the DMS Holding Group has occurred since 30 April 2019, being the date of the end of the last financial period for which the financial information on the DMS Holding Group included in Part VII (Historical Financial Information relating to the DMS Holding Group) to this Document has been published.

**14. General**

- 14.1. PKF has given and has not withdrawn its written consent to the information incorporated by reference in the form set out in Part VI of this Document and to the references to its name in the form and context in which they appear in this Document.
- 14.2. Crowe U.K. LLP, chartered accountants, of St Bride's House, 10 Salisbury Square, London EC4Y 8EH has been appointed as reporting accountants to the Company and has given and has not withdrawn its written consent to the inclusion of its accountant's report and the information set out in Part VIII of this Document and to the references to its name in the form and context in which they appear in this Document.
- 14.3. Taylor Viney & Marlow has given and has not withdrawn its written consent to the information in the form set out in Part VII of this Document and to the references to its name in the form and context in which they appear in this Document.
- 14.4. Save for the Standard Listing of the Ordinary Shares, the Ordinary Shares are not admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 14.5. The accounting reference date of the Company is 30 September in each year.
- 14.6. The Company has no convertible securities in issue.
- 14.7. The financial information relating to the Group contained in this Document does not constitute statutory accounts within the meaning of section 434 of the Act.
- 14.8. Crowe was the auditor of the Company for the year ended 30 September 2016. After this, PKF was the auditor of the Company for the period covered by the historical financial information which is included in the 2018 Prospectus which has been incorporated by reference into this Document.
- 14.9. There are no investments in progress and there are no further investments on which the Directors have already made firm commitments which are significant to the Group.
- 14.10. Save as disclosed in this Document, the Directors are not aware of any trade uncertainties, demands or errors that are reasonably likely to have a material effect on the Group's prospects for the current financial year.
- 14.11. The Company has not been the subject of any public takeover bid by third parties during the last financial year, no any such bids following the end of the last financial year.
- 14.12. The Directors are not aware of any environmental issues which may affect the Company's utilisation of its tangible fixed assets.
- 14.13. There are no shareholders' agreements in place for the Group.
- 14.14. The Company conforms with UK company law and is duly authorised according to the Company's articles of association.
- 14.15. The Company has all necessary statutory and other consents in relation to Admission.

## 15. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company or the Group.

## 16. **Documents available for inspection**

Copies of the following documents may be inspected on the Company's website at [www.toople.com/reports-circulars/](http://www.toople.com/reports-circulars/) (subject to certain access restrictions applicable to persons located or resident outside the United Kingdom) and at the head office of the Group, The Chapel, Britwell Road, Burnham Buckinghamshire, SL1 8DF during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document until 12 months thereafter:

- 16.1. the Articles;
- 16.2. this Document;
- 16.3. the accountant's report on the unaudited *pro forma* statement of financial position set out in Part VIII of this Document;
- 16.4. the service contracts/letters of appointment of Directors referred to above; and
- 16.5. the material contracts referred to above.

## PART XI

### DEFINITIONS AND GLOSSARY

#### DEFINITIONS

In this Document, unless the context requires otherwise the words and expressions set out below shall bear the following meanings.

<b>“2016 Admission”</b>	admission of the entire issued share capital of the Company to the standard segment of the Official List of the UK Listing Authority by way of standard listing and to trading on the London Stock Exchange’s Main Market for listed securities which took place on 10 May 2016;
<b>“2016 Prospectus”</b>	the prospectus published by the Company on 4 May 2016 in connection with the Company’s admission to the standard segment of the Official List of the UK Listing Authority by way of standard listing and to trading on the London Stock Exchange’s Main Market for listed securities;
<b>“2017 Warrants”</b>	the 3,230,625 warrants constituted by the 2017 Warrant Deeds, each such warrant giving the holder thereof the right to subscribe for one new Ordinary Share at a price of 2 pence per share subject to the terms and conditions of the 2017 Warrant Deeds;
<b>“2017 Warrant Deeds”</b>	the warrant deeds constituting the 2017 Warrants, further details of which are set out in paragraph 12.9 of Part X;
<b>“2018 Warrants”</b>	the 34,666,666 warrants constituted by the 2018 Warrant Deeds, each such warrant giving the holder thereof the right to subscribe for one new Ordinary Shares at a price of 0.3 pence subject to the terms and conditions of the 2018 Warrant Deed;
<b>“2018 Warrant Deeds”</b>	the warrant deeds between the Company and each of Cairn, Novum and Turner Pope constituting the 2018 Warrants, further details of which are set out in paragraphs 12.10, 12.11 and 12.12 of Part X;
<b>“2020 Warrants”</b>	the 79,130,000 warrants constituted by the 2020 Warrant Deeds, each such warrant giving the holder thereof the right to subscribe for one new Ordinary Shares at the Placing Price subject to the terms and conditions of the 2020 Warrant Deed;
<b>“2020 Warrant Deeds”</b>	the warrant deeds between the Company and each of Cairn, Novum and Turner Pope constituting the 2020 Warrants, further details of which are set out in paragraph 12.13 of Part X;
<b>“Acquisition”</b>	the acquisition by the Company of the entire issued share capital of DMS Holding on the terms and subject to the conditions set out in the Acquisition Agreement;
<b>“Acquisition Agreement”</b>	the conditional agreement dated 30 January 2020 in relation to the Acquisition, a summary of which is set out in Part X of this document;
<b>“Act”</b>	the Companies Act 2006;
<b>“Admission”</b>	the admission (or Admissions) of the New Ordinary Shares to the standard segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities, and “Admitted” shall be construed accordingly;
<b>“Articles”</b>	the Articles of Association of the Company, as amended from time to time;

<b>“AskMerlin”</b>	AskMerlin Limited, a company incorporated on 1 December 2008 in England & Wales with registered number 06762364, being a wholly owned subsidiary of the Company;
<b>“Ask Merlin Poland”</b>	AskMerlin ZOO, a company incorporated on 1 July 2015 in Poland with company number 0000565369 being a wholly owned subsidiary of AskMerlin;
<b>“Audited Financial Statements”</b>	means the audited financial statements of the Company for the years ended 30 September 2016 with comparative information for the year ended 30 September 2015 which the Company has published in accordance with the Listing Rule requirements;
<b>“Board”</b>	the board of directors of the Company;
<b>“Cairn”</b>	Cairn Financial Advisers LLP of Cheyne House, Crown Court, 62 – 63 Cheapside, London EC2V 6AX;
<b>“City Code”</b>	City Code on Takeovers and Mergers issued and administered by the United Kingdom Panel on Takeovers and Mergers, as amended from time to time;
<b>“Company” or “Toople”</b>	Toople Plc, a company incorporated in the UK with company number 010037980;
<b>“Company Solicitors”</b>	Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT;
<b>“Consideration Shares”</b>	means the 1,050,000,000 new Ordinary Shares to be issued pursuant to the Acquisition Agreement at the Placing Price;
<b>“Control”</b>	an interest, or interests, in Ordinary Shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give <i>de facto</i> control;
<b>“Costs”</b>	total expenses incurred (or to be incurred) by the Company in connection with the Placing and Admission, of approximately £280,000 (exclusive of recoverable VAT);
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) operated by Euroclear in accordance with which securities may be held and transferred in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001No. 3755), as amended;
<b>“Crowe”</b>	Crowe U.K. LLP of St Bride's House, 10 Salisbury Square, London, EC4Y 8EH;
<b>“Debentures”</b>	the guarantee and debentures to be entered into between DMSL, DMS Holding and HomeSelect Finance immediately following completion of the Acquisition as security for loan notes issued pursuant to the Loan Note Instrument as more particularly described in paragraph 12.20 of Part X of this document;
<b>“Directors”</b>	the directors of the Company as at the date of this Document;
<b>“Disclosure and Transparency Rules”</b>	the disclosure rules and the transparency rules made by the FCA under Part 6 of FSMA;
<b>“DMS Holding”</b>	DMS Holding 2017 Limited;
<b>“DMS Holding Group”</b>	DMS Holding 2017 Limited and its subsidiaries and subsidiary undertakings (including DMSL);
<b>“DMSL”</b>	Direct Market Services Limited;
<b>“Document”</b>	this document;
<b>“Effective Date”</b>	the date upon which the Acquisition becomes effective;



<b>“Enlarged Group”</b>	the Toople Group or with effect from the Effective Date, the combined Toople Group and the DMS Holding Group;
<b>“Enlarged Share Capital”</b>	the entire issued share capital of the Company following the issue of the New Ordinary Shares;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“European Economic Area”</b>	the European Union, Iceland, Norway and Liechtenstein;
<b>“European Union”</b>	an economic and political union of 28 Member States located in Europe;
<b>“Euronext”</b>	the European cross-border exchange for trading and clearing of cash products and derivatives on regulated and non-regulated markets;
<b>“Existing Ordinary Shares”</b>	the 1,143,589,455 Ordinary Shares in issue as at the date of this Document;
<b>“Existing Shareholders”</b>	the Shareholders of the Company prior to Admission; holding the Existing Ordinary Shares;
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom (or any such body appointed in replacement thereof);
<b>“Fee Shares”</b>	the 126,463,680 new Ordinary Shares to be issued to Richard Horsman, Geoff Wilson and Kevin Lawrence at the Placing Price in lieu of fees and remuneration owed, as set out in paragraph 169 of Part I of this Document and paragraph 6.1 of Part X of this Document;
<b>“Fee Warrants”</b>	the 63,230,840 warrants granted to the holders of the Fee Shares;
<b>“Founder”</b>	David Breith;
<b>“Founder Loan”</b>	the loan provided by David Breith and repaid by the Company as described in paragraph 12.15 of Part X;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended from time to time);
<b>“General Meeting” or “GM”</b>	the general meeting of the Company convened by the Notice of GM to be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London EC4R 3TT at 9:00 a.m. on 17 February 2020;
<b>“GDPR”</b>	the General Data Protection Regulation 2016/679 which came into force on 25 May 2018;
<b>“Group”</b>	the Company and the Subsidiaries from time to time;
<b>“Historical Financial Information”</b>	the historical financial information of the Group and its subsidiaries as referred to in Part V of this Document, parts of which have been incorporated by reference into this Document as summarised in Part VI of this Document;
<b>“HomeSelect Finance”</b>	HomeSelect Finance (No1) Limited;
<b>“HSF Warrants”</b>	the 750,000,000 warrants constituted by the HSF Warrant Deed, each such warrant giving the holder thereof the right to subscribe for one new Ordinary Share at the Placing Price subject to the terms and conditions of the HSF Warrant Deed;
<b>“HSF Warrant Deed”</b>	the warrant deed between the Company and HomeSelect Finance constituting the HSF Warrants, further details of which are set out in paragraph 12.21 of Part X;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union;

<b>“Listing Rules”</b>	the Listing Rules made by the FCA under Part VI of the FSMA;
<b>“Loan Notes”</b>	The loan notes issued pursuant to the Loan Note Instrument;
<b>“Loan Note Instrument”</b>	the loan note instrument to be adopted by the Company to constitute £1,625,000 face value zero coupon secured loan notes repayable on 31 December 2022 and secured by the Debentures as more particularly described in paragraph 12.19 of Part X of this document;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Main Market”</b>	the Main Market of the LSE;
<b>“Member State”</b>	a member state of the European Economic Area;
<b>“NED Warrants”</b>	the 3 million warrants constituted by the NED Warrant Deed, each such warrant giving the holder thereof the right to subscribe for one new Ordinary Share at a price of 8 pence per Ordinary Share subject to the terms and conditions of the NED Warrant Deed;
<b>“NED Warrant Deeds”</b>	the two warrant deeds each dated 3 May 2016 constituting the NED Warrants, further details of which are set out in paragraph 12.8 of Part X;
<b>“Net Proceeds”</b>	the net proceeds of the Placing after Costs;
<b>“New Ordinary Shares”</b>	the Placing Shares, Fee Shares and the Consideration Shares;
<b>“Notice of GM”</b>	the notice convening the General Meeting set out at the end of this Document;
<b>“Novum”</b>	Novum Securities Limited, authorised and regulated by the Financial Conduct Authority with registered office at 8-10 Grosvenor Gardens, London SW1W 0DH;
<b>“Official List”</b>	the Official List of the United Kingdom Listing Authority;
<b>“Options”</b>	The options issued pursuant to the Options Agreements;
<b>“Option Agreements”</b>	the option agreements to be entered into between the Company and John Carter on completion of the Acquisition as more particularly described in paragraph 12.17 of Part X of this document;
<b>“Ordinary Shares”</b>	ordinary shares of 0.0667 pence nominal value in the capital of the Company;
<b>“Overseas Shareholders”</b>	holders of Ordinary Shares who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or persons who are nominees or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK which may be affected by the laws or regulatory requirements of the relevant jurisdictions;
<b>“Placee”</b>	Any person who has agreed to subscribe for Placing Shares pursuant to the Placing;
<b>“Placing Agreement”</b>	the conditional agreement dated 30 January 2020 between the Company, Directors, Cairn, Novum and Turner Pope in relation to the Placing, details of which are summarised in paragraph 12.4 of Part X of this document;
<b>“Placing”</b>	the placing by Novum and Turner Pope of the Placing Shares on behalf of the Company on the terms and subject to the conditions contained in the Placing Agreement



<b>“Placing Agents”</b>	Novum and TPI;
<b>“Placing Price”</b>	0.1 pence per new Ordinary Share;
<b>“Placing Shares”</b>	1,200 million new Ordinary Shares to be placed pursuant to the terms of the Placing at the Placing Price
<b>“Placing Warrants”</b>	means the 600 million warrants constituted by the Placing Warrant Deed and granted to the Placees, each such warrant giving the holder thereof the right to subscribe for one new Ordinary Share at the Placing Price subject to the terms and conditions of the Placing Warrant Deed
<b>“Placing Warrant Deed”</b>	the warrant deed constituting the Placing Warrants, further details of which are set out in paragraph 12.14 of Part X;
<b>“Prospectus Regulation”</b>	means Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market together with any delegated acts, technical standards and guidelines or other ancillary legislation published at any time including but not limited to European Union Commission delegated regulation (EU) 2019/80, European Union Commission delegated regulation (EU) 2019/979 and ESMA,
<b>“Premium Listing”</b>	a Premium Listing under Chapter 6 of the Listing Rules;
<b>“Prospectus Regulation Rules”</b>	the prospectus rules of the FCA made pursuant to section 73A of the FSMA, as amended from time to time;
<b>“Registrar”</b>	Share Registrars Limited;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) (as amended from time to time);
<b>“Resolutions”</b>	The resolutions to be proposed at the General Meeting as set out in the Notice of GM;
<b>“RIS”</b>	Regulatory Information Service;
<b>“Shareholders” or “Shareholder”</b>	the holder or holders of Ordinary Shares;
<b>“Share Exchange Agreements”</b>	the four share for share exchange agreements each entered into on 15 April 2016 between the Company and David Breith, further details of which are set out in paragraph 13.15 of Part X;
<b>“Standard Listing”</b>	a Standard Listing under Chapter 14 of the Listing Rules;
<b>“Subsidiaries”</b>	means collectively Toople.com, AskMerlin, AskMerlin Poland, Toople Finance and Toople Management Services;
<b>“Toople Finance”</b>	Toople Finance Limited, a company incorporated on 25 January 2016 in England & Wales with registered number 09967768, being a wholly owned subsidiary of the Company;
<b>“Toople.com”</b>	Toople.com Limited, a company incorporated on 1 December 2008 in England & Wales with registered number 06762397, being a wholly owned subsidiary of the Company;
<b>“Takeover Panel”</b>	Panel on Takeovers and Mergers, regulatory body which administers the City Code on Takeovers and Mergers;
<b>“Toople Group”</b>	The Company, its subsidiaries and subsidiary undertakings;
<b>“Turner Pope”</b>	Turner Pope Investments (TPI) Limited, authorised and regulated by the Financial Conduct Authority. FRN 739104 with registered address 8 Frederick's Place, London EC2R 8AB;
<b>“UK”</b>	United Kingdom;

<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code as published by the Financial Reporting Council in September 2014 and as subsequently amended from time to time;
<b>“UKLA” or “United Kingdom”</b>	the FSA acting in its capacity as the competent authority for the Listing Authority” purpose of Part VI of FSMA;
<b>“Unaudited Interim Accounts”</b>	the Group’s unaudited interim accounts for the six months ended 31 March 2018 (with comparative information for the six months ended 31 March 2017);
<b>“Voting Rights”</b>	all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting;
<b>“Warrants”</b>	Together the NED Warrants, the Placing Warrants, the HSF Warrants, the 2020 Warrants, the 2018 Warrants and the 2017 Warrants;
<b>“Working Capital Period”</b>	the period of 12 months following the date of this Document;
<b>“£” or “GDP”</b>	United Kingdom pounds

In this Document, words denoting any gender include all genders and the singular includes the plural (and vice versa).

## GLOSSARY OF TECHNICAL TERMS

“ADSL 2+”	Asynchronous Digital Subscriber Line extending existing ADSL capacity;
“BroadSoft”	a technology innovator in cloud PB;
“Bundled Solution”	A collection of services for which pricing is not quoted for each element that it comprises;
“Carriers”	Communications providers with the ability to carry calls;
“CDR”	Call Detail Record/Call Data Record, being the records relating to voice calls;
“Cloud-based”	A product or service accessed through a data link/the internet;
“CRM”	Customer Relationship Management;
“Cloud PBX”	Cloud based PBX services;
“Data Services”	Broadband and Ethernet services;
“Direct”	Service supplied by the Group directly to the end user;
“DSL”	Digital Subscriber Line;
“Ethernet”	A commonly used networking protocol;
“EFM”	Ethernet First Mile;
“Fibre”	Fibre optic cable;
“Fixed Line”	Provision of communications services to premises using wired technology;
“Fixed Telephony Systems”	Provision of telephony services via a Fixed Line;
“FTTC”	Fibre to the Cabinet broadband service;
“Hosted Services”	Services provided to an end-customer via a Data Link;
“IP”	Internet Protocol;
“ISDN”	Integrated Services Digital Network;
“LLU”	Local Loop Unbundled;
“PBX”	Private Branch Exchange;
“Portal”/“Merlin Portal”	the Merlin platform through which customers access their services;
“PSTN”	Public switched telephone network;
“Revenue Generating Units” or “RGUs”	each additional service subscribed to by a customer;
“SIP”	Session Initiation Protocol for VoIP handling;
“SIP Trunking”	The provision of VoIP services using SIP;
“SLA”	Service Level Agreement;
“Traditional Services”	Calls and lines using common signal paths;
“VoIP”	Voice over Internet Protocol;
“VSP”	Vertical Service Provider.

**PART XII**

**NOTICE OF GENERAL MEETING**

**NOTICE OF GENERAL MEETING**

**Toople Plc**

*(Incorporated and registered in England and Wales under the Companies Act 2006, with registered number 10037980)*

Notice is hereby given that a General Meeting of Toople Plc (the **Company**) will be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London EC4R 3TT at 9:00 a.m. on 17 February 2020 in order to consider and, if thought fit, pass resolution 1 as an Ordinary Resolution and resolution 2 as a Special Resolution.

**ORDINARY RESOLUTION**

1. That the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the 2006 **Act**) to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) up to an aggregate nominal amount of £3,376,237 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution or (if earlier) 15 months from the date of passing this resolution, but so that the directors may before such expiry make an offer or agreement which 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 hereby conferred had not expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the 2006 Act.

**SPECIAL RESOLUTION**

2. That, subject to the passing of Resolution 1 the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 1 or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - (a) the allotment of equity securities in connection with an offer by way of a rights issue:
    - (i) the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
    - (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - (b) the allotment (otherwise than pursuant to paragraph 2(a) above) of equity securities up to an aggregate nominal amount of £3,376,237.

The power granted by this resolution will, unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this resolution or (if earlier) 15 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

By Order of the Board

31 January 2020

WKH Company Services Limited  
Company Secretary  
PO Box 501  
The Nexus Building  
Broadway  
Letchworth Garden City  
Hertfordshire  
SG6 9BL

#### Notes

1. Only holders of ordinary shares are entitled to attend and vote at the General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the relevant member. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this Notice and instructions for completion are shown on the form. To appoint a proxy, the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and deposited with the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by fax on 01252 719 232 or by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com), in each case so as to arrive no later than 9:00 a.m. on 13 February 2020, being not less than 48 hours (ignoring any part of any day that is not a working day) before the start of the General Meeting. Completion of a form of proxy (or any CREST Proxy Instruction, as described in paragraphs 4 to 6) will not preclude members attending and voting in person at the General Meeting, should they so wish.
3. In the case of joint shareholders, the signature of the senior shareholder (seniority to be determined by the order in which the names stand in the register of members) shall be accepted to the exclusion of all other joint holders. The names of all joint shareholders should be stated at the top of the form.
4. In order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 9:00 a.m. on 13 February 2020, being not less than 48 hours (ignoring any part of any day that is not a working day) before the start of the General Meeting, or, in the event of any adjournment, 48 hours before the start of the adjourned meeting (ignoring any part of any day that is not a working day). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
6. In order for a proxy appointment or instruction 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 ("Euroclear") specifications and must contain the information required for such instruction, 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 the issuer's agent (ID 7RA36) by the latest time for the receipt of proxy appointments specified in paragraph 2 above. 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 Application 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.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear 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, to procure that his 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.
8. 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.
9. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the powers as a member provided that no more than one corporate representative exercises powers over the same share.
10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the

preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

11. As at 30 January 2020 (being the last business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 1,143,589,455 ordinary shares of 0.0667 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 30 January 2020 were 1,143,589,455.
12. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.toople.com](http://www.toople.com).
13. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice or in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.
14. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.



