

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to the action that you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Existing Ordinary Shares, you should immediately send this document, together with the accompanying Form of Proxy to the stockbroker, bank or other agency through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold part only of your holding of Existing Ordinary Shares, you should retain these documents and consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. It is expected that First Admission will become effective and that trading in the New Ordinary Shares will commence on AIM at 8.00 a.m. on 28 February 2019. It is expected that Second Admission will become effective and trading in the MP Consideration Shares will commence on AIM at 8.00 a.m. on 5 March 2019. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA, but comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies. Accordingly, this document has not been pre-approved by or filed with the FCA nor any other competent authority.

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# **POLEMOS PLC**

*(Incorporated and registered in England and Wales with registered number 04606754)*

**Acquisition of Digitalbox Publishing (Holdings) Limited**

**Acquisition of Mashed Productions Limited**

**Approval of waiver of obligations under Rule 9 of the  
Takeover Code**

**Share Reorganisation**

**Placing and subscription of up to 7,285,715 New Ordinary Shares  
at £0.14 per share**

**Admission to trading on AIM**

**Change of name to Digitalbox plc**

**and**

**Notice of General Meeting**

**WH Ireland Limited**

*Nominated Adviser*

**Leander Capital Partners Limited**

*Lead Broker*

**Peterhouse Capital Limited**

*Joint Broker*

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AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two of the AIM Rules for Nominated Advisers. Neither the London Stock Exchange nor any competent authority has itself examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those which apply to companies whose shares are listed on the Official List. No application is being made for admission of the Enlarged Ordinary Share Capital to the Official List or any other recognised investment exchange and no application has been or is being made for the Enlarged Ordinary Share Capital to be admitted to trading on any such exchange.

The Directors, whose names, business address and functions appear on page 9 and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

The notice of a General Meeting to be held at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR at 10.00 a.m. on 27 February 2019 is set out on pages 137 to 141 of this document. The accompanying Form of Proxy for use in connection with the General Meeting should be completed by Shareholders and returned as soon as possible but, in any event, so as to be received by the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, GU9 7DR no later than 48 hours, excluding non-working days, before the time appointed for the General Meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the General Meeting or adjourned meeting, not later than 48 hours before the time appointed for the taking of the poll at the meeting at which it is to be used. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment thereof) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf. **Whether or not you intend to be present at the General Meeting you are recommended to complete and return the Form of Proxy or complete your CREST electronic proxy appointment (as applicable), as instructed above. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

The New Ordinary Shares will, on each Admission, rank *pari passu* in all respects with the Existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the New Ordinary Shares after each Admission.

**This document should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out on pages 19 to 33 (inclusive) of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. In addition, your attention is drawn to the discussion of risks and other factors which should be considered in connection with an investment in the New Ordinary Shares, set out in Part III (Risk Factors). All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.**

WH Ireland is authorised and regulated by the FCA in the United Kingdom and is acting exclusively as nominated adviser to the Company (for the purposes of the AIM Rules for Companies) and no one else in connection with the Admission and the other matters set out in this document. WH Ireland will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of WH Ireland nor for providing advice in relation to the transactions and arrangements detailed in this document for which the Company and the Directors are solely responsible and, without limiting the statutory rights of any recipient of this document, no liability is accepted by WH Ireland for the accuracy of any information or opinions contained in this document or for omissions of any material information for which it is not responsible. WH Ireland is not making any representation or warranty, express or implied, as to the contents of this document. **The responsibilities of WH Ireland as the Company's nominated adviser solely for the purposes of the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or any Director or to any other person in respect of his decision to invest in the Company in reliance on any parts of this document.**

Leander Capital Partners ("Leander") and Peterhouse Capital Limited ("Peterhouse"), who are authorised and regulated in the UK by the FCA and are members of the London Stock Exchange, are the Company's joint brokers and are acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peterhouse and Leander or for advising any other person in respect of their decision to acquire New Ordinary Shares in reliance on any part of this document.

In accordance with the AIM Rules for Nominated Advisers, WH Ireland will confirm to the London Stock Exchange plc that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by WH Ireland, Leander or Peterhouse as to any part of the contents of this document. Neither WH Ireland, Leander nor Peterhouse has authorised the contents of any part of this document for any purpose and no liability whatsoever is accepted by WH Ireland, Leander or Peterhouse for the accuracy of any information or opinions contained in this document. Neither the delivery of this document hereunder nor any subsequent subscription or sale made for New Ordinary Shares shall, under any circumstances, create any implication that the information contained in this document is correct as of any time subsequent to the date of this document.

## **OVERSEAS SHAREHOLDERS**

This document does not constitute an offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares or New Ordinary Shares in any jurisdiction. In particular, this document is not, subject to certain exceptions, for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The Ordinary Shares have not been nor will the New Ordinary Shares be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, Japan, or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the New Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan, or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this document in certain jurisdictions may be restricted by law. No action has been taken by the Company, WH Ireland or Leander that would permit a public offer of Ordinary Shares or New Ordinary Shares or possession or distribution of this document where action for that purpose is required. Persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Holding New Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas shareholders should inform themselves about and observe any applicable legal and/or regulatory requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

## **IMPORTANT INFORMATION**

In deciding whether or not to invest in the New Ordinary Shares, prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, WH Ireland, Leander or Peterhouse. Neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time after its date.

Investment in the Company carries risk. There can be no assurance that the Company's strategy will be achieved and investment results may vary substantially over time. Investment in the Company is not intended to be a complete investment programme for any investor. The price of New Ordinary Shares and any income from New Ordinary Shares can go down as well as up and investors may not realise the value of their initial investment. Prospective Shareholders should carefully consider whether an investment in New Ordinary Shares is suitable for them in light of their circumstances and financial resources and should be able and willing to withstand the loss of their entire investment (see "Part III Risk Factors" of this document).

Potential investors contemplating an investment in New Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant upon the performance of the Enlarged Group. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in New Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker or your financial or other professional adviser. Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice, who understand and are capable of assuming the risks of an investment in the Company and who have sufficient resources to bear any losses which may result therefrom.

Potential investors should not treat the contents of this document or any subsequent communications from the Company as advice relating to legal, taxation, investment or any other matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, or other disposal of Existing Ordinary Shares or New Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Existing Ordinary Shares or New Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Existing Ordinary Shares or New Ordinary Shares. Potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Investors who subscribe for or purchase New Ordinary Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on WH Ireland, Leander or Peterhouse, or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors, WH Ireland, Leander or Peterhouse.

This document should be read in its entirety before making any investment in the Company.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of WH Ireland, 24 Martin Lane, London EC4R 0DR and the Company's website [www.polemos.co.uk](http://www.polemos.co.uk) from the date of this document until the date which is one month from the date of First Admission.

### **Presentation of financial information**

The financial information contained in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

### **Market, industry and economic data**

Unless the source is otherwise identified, the market, industry, and economic and industry data and statistics in this document constitute the Directors' estimates, using underlying data from third parties. The Company has obtained market and economic data and certain industry statistics from internal reports, as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified. Such third party information has not been audited or independently verified.

Market and industry data is inherently predictive and speculative and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, neither

WH Ireland, Leander nor Peterhouse have authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by WH Ireland, Leander or Peterhouse for the accuracy or completeness of any market or industry data which is included in this document.

### **No incorporation of websites**

Except as provided in Part V, the contents of the Company's websites (or any other website) do not form part of this document.

### **General notice**

This document has been drawn up in accordance with the AIM Rules and it does not comprise a prospectus for the purposes of the Prospectus Rules in the United Kingdom. It has been drawn up in accordance with the requirements of the Prospectus Directive only in so far as required by the AIM Rules and has not been delivered to the Registrar of Companies in England and Wales for registration. This document has been prepared for the benefit only of a limited number of persons all of whom qualify as "qualified investors" for the purposes of the Prospectus Directive, to whom it has been addressed and delivered and may not in any circumstances be used for any other purpose or be viewed as a document for the benefit of the public. The reproduction, distribution or transmission of this document (either in whole or in part) without the prior written consent of the Company, WH Ireland, Leander and Peterhouse is prohibited.

### **Governing law**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes in such law and practice.

## **FORWARD LOOKING STATEMENTS**

Certain statements in this document are forward-looking statements. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. These forward-looking statements are not based on historical facts but rather on the Existing Directors' and Proposed Directors' expectations regarding the Enlarged Group's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward-looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, among other things, the risk factors described in Part III of this document. Although the forward-looking statements contained in this document are based upon what the Existing Directors and Proposed Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

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## STATISTICS FOR ACQUISITIONS, SHARE REORGANISATION, PLACING AND ADMISSIONS

Number of Existing Ordinary Shares in issue at the date of this document	118,079,093
Number of Existing Ordinary Shares in issue immediately following the General Meeting	118,080,000
Number of Consolidated Ordinary Shares immediately following the Consolidation	47,232
Number of New Ordinary Shares immediately following the Sub-division	5,904,000
Placing Price	£0.14
Number of Placing Shares	5,642,858
Number of MCV Subscription Shares	1,642,857
Number of DB Consideration Shares	72,720,346
Number of Convertible Loan Note Shares	2,095,238
Number of New Ordinary Shares on First Admission following issue of the DB Consideration Shares, the MCV Subscription Shares, the Adviser Shares, the Placing Shares and the Convertible Loan Note Shares	88,823,155
Number of MP Consideration Shares	1,428,571
Enlarged Ordinary Share Capital following Second Admission	90,251,726
Number of Existing Deferred Shares in issue immediately following Second Admission	386,907,464
Number of New Deferred Shares in issue immediately following Second Admission	112,176,000
Number of Options, DBPH Warrants and Adviser Warrants in issue on Second Admission*	8,458,987
Placing Shares and MCV Subscription Shares as a percentage of the Enlarged Ordinary Share Capital	8.1 per cent.
DB Consideration Shares as a percentage of the Enlarged Ordinary Share Capital	80.6 per cent.
MP Consideration Shares as a percentage of the Enlarged Ordinary Share Capital	1.6 per cent.
Convertible Loan Note Shares as a percentage of the Enlarged Ordinary Share Capital	2.3 per cent.
Gross proceeds of the Placing and MCV Subscription	£1,020,000
Proceeds of the Placing (net of expenses and the issue of the Adviser Shares)	£0.4 million
Market capitalisation of the Company on First Admission***	£12.4 million
Market capitalisation of the Company on Second Admission***	£12.6 million
AIM symbol****	“DBOX”
ISIN of the Existing Ordinary Shares	GB00BZ1MJW42
SEDOL of the Existing Ordinary Shares	BZ1MJW4
ISIN of the New Ordinary Shares	GB00BJK9H642
SEDOL of the New Ordinary Shares	BJK9H64

\* only includes Options for which a future exercise is considered likely

\*\* assumes the exercise of the Adviser Warrants and Options for which the future exercise is considered likely

\*\*\* based on the Placing Price

\*\*\*\* the new AIM symbol shall become effective only if the Resolutions are passed at the General Meeting

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Acquisitions, the Placing and Share Reorganisation	7.00 a.m. on 8 February 2019
Publication and posting of this document (including Notice of General Meeting), and Form of Proxy	8 February 2019
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	10.00 a.m. on 25 February 2019
General Meeting	10.00 a.m. on 27 February 2019
Record Date	6.00 p.m. on 27 February 2019
First Admission	8.00 a.m. on 28 February 2019
Completion of the DB Acquisition expected	8.00 a.m. on 28 February 2019
Second Admission	8.00 a.m. on 5 March 2019
Completion of the MP Acquisition expected	8.00 a.m. on 5 March 2019
Expected date for CREST accounts to be credited (where applicable)	8.00 a.m. on 28 February 2019
Despatch of definitive share certificates (where applicable) in respect of New Ordinary Shares to be held in certificated form	within 10 Business Days of each Admission

*Notes:*

Each of the dates and times in the above timetable are subject to change at the absolute discretion of the Company and WH Ireland. In this document all references to times and dates are in reference to those observed in London, United Kingdom.

## EXISTING DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

<b>Existing Directors</b>	Dr Nigel John Burton ( <i>Chairman/Proposed Non-Executive Director</i> ) John Michael Treacy ( <i>Non-Executive Director</i> )
<b>Proposed Directors</b>	James Alexander Carter ( <i>Chief Executive Officer</i> ) James ("Jim") Robert Douglas ( <i>Chief Operating Officer</i> ) David Joseph ( <i>Chief Financial Officer</i> ) Sir Robert ("Robin") William Miller ( <i>Non-Executive Chairman</i> ) Martin James Higginson ( <i>Non-Executive Director</i> )
<b>Registered Office (prior to First Admission)</b>	2 Chapel Court London SE1 1HH
<b>Registered Office (following First Admission)</b>	Ground Floor 2-4 Henry Street Bath BA1 1JT
<b>Principal place of business</b>	United Kingdom
<b>Company secretary (prior to First Admission)</b>	John Michael Treacy
<b>Company secretary (following First Admission)</b>	David Joseph
<b>Nominated adviser</b>	WH Ireland Limited 24 Martin Lane London EC4R 0DR
<b>Lead broker</b>	Leander Capital Partners Limited 10 Old Burlington Street London W1S 3AG
<b>Joint broker</b>	Peterhouse Capital Limited 3rd Floor New Liverpool House 15 Eldon Street London EC2M 7LD
<b>Reporting accountants</b> <i>(Member firm of the Institute of Chartered Accountants in England and Wales)</i>	HaysMacintyre LLP 10 Queen Street Place London EC4R 1AG
<b>Auditors</b>	Chapman Davis LLP 2 Chapel Court London SE1 1HH
<b>Solicitors to the Company</b>	DWF LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

<b>Registrars</b>	Share Registrars Limited 27/28 Eastcastle Street London W1W 8DH
<b>Solicitors to the nominated adviser and broker</b>	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
<b>Financial PR adviser to the Company</b>	Newgate Communications LLP Sky Light City Tower 50 Basinghall Street London EC2V 5DE
<b>Company website</b>	<a href="http://www.polemos.co.uk">www.polemos.co.uk</a> (prior to First Admission) <a href="http://www.digitalbox.com">www.digitalbox.com</a> (following First Admission)

## DEFINITIONS

<b>“£” or “UK pounds sterling”</b>	the lawful currency of the United Kingdom
<b>“\$” or “US dollars”</b>	the lawful currency of the United States of America
<b>“Acquisitions”</b>	the DB Acquisition and the MP Acquisition
<b>“Acquisition Agreements”</b>	the DB Acquisition Agreement and the MP Acquisition Agreement
<b>“acting in concert”</b>	has the meaning given to it in the Takeover Code
<b>“Admission”</b>	First Admission and, where the context requires, Second Admission
<b>“Adviser Shares”</b>	up to 817,856 New Ordinary Shares to be issued by the Company on First Admission to WH Ireland and Leander in satisfaction, in part, of the fees and commissions payable by the Company pursuant to the Placing Agreement
<b>“Adviser Warrants”</b>	the warrants to be issued, conditional on First Admission, by the Company to WH Ireland and Leander, as further described in paragraph 12.1.9 of Part XI ( <i>Additional Information</i> )
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	together, the AIM Rules for Companies, and, where the context requires, the AIM Rules for Nominated Advisers
<b>“AIM Rules for Companies”</b>	the rules and guidance for companies whose shares are admitted to trading on AIM entitled “AIM Rules for Companies” published by the London Stock Exchange as amended from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules and guidance for nominated advisers entitled “AIM Rules for Nominated Advisers” published by the London Stock Exchange as amended from time to time
<b>“Articles”</b>	the articles of association of the Company at the date of this document
<b>“Board”</b>	the board of directors of the Company
<b>“Business Day”</b>	a day (other than Saturday, Sunday or a public holiday), on which clearing banks in the City of London are generally open for business
<b>“certificated” or “in certificated form”</b>	Existing Ordinary Shares or, where the context requires, the New Ordinary Shares, which are evidenced by the issue of share certificates and are recorded on the register as being held in certificated form
<b>“Change of Name”</b>	the proposed change of name of the Company to Digitalbox plc, further details of which are set out in paragraph 6 of Part I ( <i>Letter from the Chairman</i> )
<b>“Companies Act”</b>	the Companies Act 2006 (as amended)
<b>“Company” or “Polemos”</b>	Polemos plc, a public limited company incorporated in England and Wales with registered number 04606754 and with its registered office at 2 Chapel Court, London, SE1 1HH

<b>“Completion”</b>	completion of the Acquisitions in accordance with the respective terms of the DB Acquisition Agreement and Drag Along Notice and the MP Acquisition Agreement
<b>“Concert Party”</b>	certain of the DBPH Shareholders, as more fully described in paragraph 10 of Part I ( <i>Letter from the Chairman</i> )
<b>“Consideration Shares”</b>	the DB Consideration Shares and the MP Consideration Shares
<b>“Consolidated Ordinary Share”</b>	the ordinary shares of £25.00 each arising from the Consolidation
<b>“Consolidation”</b>	the proposed consolidation of every 2,500 Existing Ordinary Shares into one Consolidated Ordinary Share
<b>“Convertible Loan Notes”</b>	the £220,000 of convertible loan notes of £1.00 each to be converted into New Ordinary Shares conditional on First Admission, as further described in paragraph 12.1.4 of Part XI ( <i>Additional Information</i> )
<b>“Convertible Loan Note Shares”</b>	the 2,095,238 New Ordinary Share to be allotted and issued by the Company pursuant to the conversion of the Convertible Loan Notes
<b>“CREST”</b>	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited
<b>“CREST Manual”</b>	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterparty Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated from time to time)
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
<b>“Daily Mash” or “DM”</b>	a brand operated by Mashed Productions
<b>“DB Acquisition”</b>	the proposed acquisition by the Company of the entire issued share capital of DBPH pursuant to the DB Acquisition Agreement and the Drag Along Notice
<b>“DB Acquisition Agreement”</b>	the conditional purchase agreement dated 7 February 2019 entered into between the Company, the DBPH Sellers and the DBPH Warrantors, further details of which are set out in paragraph 12.1.1 of Part XI ( <i>Additional Information</i> )
<b>“DB Consideration Shares”</b>	the 72,720,346 New Ordinary Shares to be allotted and issued by the Company to the DB Sellers, conditional on First Admission, pursuant to the DB Acquisition Agreement and the Drag Along Notice
<b>“DB Group”</b>	DBPH and its subsidiaries, DBP and DBP Inc.
<b>“DB Sellers”</b>	the DBPH Sellers and the DBPH Dragged Sellers
<b>“DBP” or “Digitalbox Publishing”</b>	Digitalbox Publishing Limited, a private company incorporated in England and Wales with company number 09909897
<b>“DBP Acquisition Agreement”</b>	the conditional share purchase agreement dated 7 February 2019 entered into between DBPH, James Carter and Jim Douglas, further details of which are set out in paragraph 12.2.2 of Part XI ( <i>Additional Information</i> )

<b>“DBP Shareholders’ Agreement”</b>	the shareholders’ agreement in relation to the operation and management of DBP dated 15 May 2017 (as adhered to by DBPH pursuant to a deed of adherence dated 12 December 2017), further details of which are set out at paragraph 12.2.1 of Part XI ( <i>Additional Information</i> )
<b>“DBPH”</b>	Digitalbox Publishing (Holdings) Limited, a company incorporated in England and Wales with registered number 11054216 and with its registered office at 2-4 Henry Street, Bath BA1 1JT
<b>“DBPH Sellers”</b>	James Alexander Carter, James Robert Douglas, Samuel James Higginson, Leonie Dobbie, William Dobbie, Simon Mizzi, Patrick Brennan, Storia Credit Holdings Limited, Fiske PLC (CRN: 02248663), Charles Shepherd, Garry Lucas, Napier Brown Holdings Limited (CRN: 00200917), John Hepworth, Mark Hepworth, Paul Hepworth, Robert Giles, Jamie Brooke, Charles Butler, Dimitrios Georgiou, Sir Robin Miller, Mahmud Kamani, Clare Hughes, Benjamin Robertson, John Alexander Glynne Davies, Gabriel Fysh, Pitchcroft Capital Limited (CRN: 08412014), Peter Edmondson, Tom McColm, Gareth Jones, Spencer Moulton and M Capital Ventures Limited (CRN: 07988773), being shareholders of DBPH who are party to the DB Acquisition Agreement
<b>“DBPH Dragged Sellers”</b>	those shareholders of DBPH who are not party to the DB Acquisition Agreement and are subject to the Drag Along Notice
<b>“DBPH Warrants”</b>	warrants held over ordinary shares of DBPH by David Marks, Martin Higginson, James Carter and Jim Douglas and which are the subject of the Warrant Acquisition Agreement
<b>“DBPH Warrantors”</b>	each of Samuel Higginson, James Alexander Carter and James Robert Douglas, further details of whom are set out at paragraph 12.1.1 of Part XI
<b>“DBP Inc.”</b>	Digitalbox Publishing Inc., a private company incorporated in Massachusetts with company number 511130
<b>“Deferred Shares”</b>	the Existing Deferred Shares and the New Deferred Shares
<b>“Digitalbox”</b>	DBP or, as the context requires, the business conducted by DBP and until April 2018 by DBP Inc.
<b>“Digitalbox Directors”</b>	Sir Robin Miller, Martin Higginson, James Carter and Jim Douglas
<b>“Directors”</b>	the Existing Directors and/or the Proposed Directors, as the context requires
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules issued by the FCA acting in its capacity as the competent authority pursuant to Part VI of FSMA
<b>“Drag Along Notice”</b>	the drag along notice issued by DBPH Sellers to DBPH Dragged Sellers in connection with the DB Acquisition, further details of which are set out in paragraph 12.1.1 of Part XI ( <i>Additional Information</i> )
<b>“Enlarged Group”</b>	the Company, and, subject to completion, the DB Group and Mashed Productions

<b>“Enlarged Ordinary Share Capital”</b>	the issued ordinary share capital of the Company on Second Admission, comprising the issued and to be issued New Ordinary Shares
<b>“Entertainment Daily” or “ED”</b>	a brand operated by Digitalbox
<b>“Executive Directors”</b>	each of James Carter, Jim Douglas and David Joseph
<b>“Existing Deferred Shares”</b>	the deferred shares of £0.0499 each in the capital of the Company
<b>“Existing Directors”</b>	Nigel Burton and John Treacy, being the directors of the Company as at the date of this document
<b>“Existing Issued Ordinary Share Capital” or “Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document being 118,079,093 Ordinary Shares
<b>“FCA”</b>	the Financial Conduct Authority
<b>“First Admission”</b>	the admission of all the Existing Ordinary Shares, the DB Consideration Shares, the MCV Subscription Shares, the Adviser Shares, the Convertible Loan Note Shares and the Placing Shares to trading on AIM and that admission becoming effective in accordance with the AIM Rules for Companies
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use in connection with the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“GDPR”</b>	the General Data Protection Regulation (GDPR) being a legal framework that sets guidelines for the collection and processing of personal information of individuals within the European Union (EU)
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR on 27 February 2019 at 10.00 a.m., notice of which is set out at the end of this document
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“IFRS”</b>	International Financial Reporting Standards, as adopted by the European Union
<b>“Independent Shareholders”</b>	the Shareholders, save for those Shareholders who hold Convertible Loan Notes or that are participating in the Placing, who are entitled to vote on the Whitewash Resolution
<b>“Leander”</b>	Leander Capital Partners Limited
<b>“Lock-in Deed”</b>	the lock-in deed entered into between the Company, WH Ireland, Leander and each of the Locked-in Persons, the terms of which are summarised in paragraph 12.1.8 ( <i>Lock-in Deed</i> ) of Part XI ( <i>Additional Information</i> )
<b>“Locked-in Persons”</b>	certain of the DBPH Sellers
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“M Capital Ventures” or “MCV”</b>	M Capital Ventures Limited, a company incorporated in England and Wales with registered number 07988773

<b>“Management Options”</b>	options to subscribe for up to 3,008,808 New Ordinary Shares at the Placing Price to be granted to James Carter and Jim Douglas conditional on First Admission under the Share Option Scheme, further details of which are set out in paragraph 15 of Part XI ( <i>Additional Information</i> )
<b>“Market Abuse Regulation”</b>	Market Abuse Regulation ( <i>Regulation 596/2014</i> ), which repealed and replaced the Market Abuse Directive ( <i>2003/6/EC</i> ) and its implementing legislation with effect from 3 July 2016
<b>“Mashed Productions” or “MP”</b>	Mashed Productions Limited, a limited company incorporated in Scotland with registered number 319972 and with its registered office at 16 Royal Exchange Square, Glasgow, G1 3AG
<b>“MCV Subscription”</b>	the conditional subscription of the MCV Subscription Shares at the Placing Price pursuant to the MCV Subscription Agreement
<b>“MCV Subscription Agreement”</b>	the conditional subscription agreement dated 7 February 2019 entered into between the Company and M Capital Ventures, further details of which are set out in paragraph 12.1.3 of Part XI ( <i>Additional Information</i> )
<b>“MCV Subscription Shares”</b>	the 1,642,857 New Ordinary Shares to be allotted and issued to M Capital Ventures, conditional on First Admission, pursuant to the MCV Subscription Agreement
<b>“MP Acquisition”</b>	the proposed acquisition by the Company of the entire issued share capital of MP pursuant to the MP Acquisition Agreement
<b>“MP Acquisition Agreement”</b>	the conditional purchase agreement dated 7 February 2019 entered into between the Company and the MP Sellers, the further details of which are set out in paragraph 12.1.2 of Part XI ( <i>Additional Information</i> )
<b>“MP Consideration Shares”</b>	the 1,428,571 New Ordinary Shares, conditional on Second Admission, to be allocated and issued by the Company to Neil Rafferty, one the MP Sellers, pursuant to the MP Acquisition Agreement
<b>“MP Sellers”</b>	Neil Rafferty and Paul Stokes, being the shareholders of Mashed Productions
<b>“New Articles”</b>	the new articles of association to be adopted by the Company pursuant to Resolution 16 of the General Meeting, as described in paragraph 6 of Part XI ( <i>Additional Information</i> )
<b>“New Deferred Shares”</b>	the B deferred shares of £0.01 each in the capital of the Company arising from the Share Reorganisation
<b>“New Ordinary Shares”</b>	the new ordinary shares of £0.01 each in the capital of the Company arising from the Share Reorganisation
<b>“Nominated Adviser Agreement”</b>	the nominated adviser agreement dated 7 February 2019 entered into between the Company and WH Ireland, further details of which are set out at paragraph 12.1.6 of Part XI ( <i>Additional Information</i> )
<b>“Non-Executive Directors”</b>	each of Nigel Burton, Martin Higginson and Sir Robin Miller
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting, set out on pages 137 to 141 of this document

<b>“Official List”</b>	the Official List of the UKLA
<b>“Options”</b>	rights to acquire New Ordinary Shares, as described in paragraph 15 of Part XI ( <i>Additional Information</i> )
<b>“Ordinary Shares”</b>	the ordinary shares of £0.01 each in the capital of the Company
<b>“Peterhouse”</b>	Peterhouse Capital Limited
<b>“Placing”</b>	the conditional placing by Leander of the Placing Shares with investors at the Placing Price pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the agreement dated 7 February 2019 between the Company, the Existing Directors, the Proposed Directors, Leander and WH Ireland relating to the Placing, the terms of which are summarised in paragraph 12.1.7 of Part XI ( <i>Additional Information</i> )
<b>“Placing Price”</b>	£0.14 per Placing Share and MCV Subscription Share
<b>“Placing Shares”</b>	5,642,858 New Ordinary Shares to be issued pursuant to the Placing at the Placing Price
<b>“Proposals”</b>	the Acquisitions, the Change of Name, the Rule 9 Waiver, the Placing, the MCV Subscription, the Share Reorganisation, the Resolutions and Admission
<b>“Proposed Directors”</b>	the persons to be appointed directors of the Company pursuant to the General Meeting, whose names are set out on page 9 of this document
<b>“QCA Code”</b>	the Corporate Governance Code for Small and Mid-sized quoted companies as published by the Quoted Companies Alliance from time to time
<b>“Record Date”</b>	the record date for the Share Reorganisation being 6.00 p.m. on 26 February 2019
<b>“Registrar”</b>	Share Registrars Limited, a company incorporated in England and Wales with registered number 04715037 and with its registered office at 27/28 Eastcastle Street, London W1W 8DH
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, each a <b>“Resolution”</b> , as described in paragraph 22 ( <i>General Meeting and Resolutions</i> ) of Part I ( <i>Letter from the Chairman</i> )
<b>“Rule 9 Waiver”</b>	the waiver by the Panel (which is conditional on the Whitewash Resolution) of the obligations that would otherwise arise for the Concert Party to make a general offer for the Enlarged Group under Rule 9 of the Takeover Code as a consequence of the allotment and issue of the Consideration Shares to the Concert Party pursuant to the Proposals, granted by the Panel conditional upon approval of the Independent Shareholders voting on a poll, further details of which are set out in paragraph 10 of Part I ( <i>Letter from the Chairman</i> )
<b>“Second Admission”</b>	the admission of the MP Consideration Shares to trading on AIM and that admission becoming effective in accordance with the AIM Rules for Companies
<b>“Shareholders”</b>	holders of Existing Ordinary Shares or New Ordinary Shares, each individually being a <b>“Shareholder”</b>

<b>“Share Option Scheme”</b>	Polemos plc Enterprise Management Incentive and Unapproved Scheme
<b>“Share Reorganisation”</b>	the proposed Consolidation and Sub-division
<b>“Sub-division”</b>	the proposed sub-division of each Consolidated Ordinary Share into 125 New Ordinary Shares and 2,375 New Deferred Shares
<b>“Takeover Code” or “Code”</b>	the City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel
<b>“Takeover Panel” or “Panel”</b>	the Panel on Takeovers and Mergers
<b>“UKLA”</b>	the FCA acting in the capacity of competent authority for the purposes of Part IV of FSMA
<b>“uncertificated” or “in uncertificated form”</b>	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“US”</b>	the United States of America
<b>“US Securities Act”</b>	the United States Securities Act of 1933 (as amended)
<b>“Warrant Acquisition Agreement”</b>	the conditional purchased agreement dated 7 February 2019 entered into between the Company and David Marks, Martin Higginson, James Carter and Jim Douglas, further details of which are set out in paragraph 12.1.11 of Part XI ( <i>Additional Information</i> )
<b>“WH Ireland”</b>	WH Ireland Limited, a company incorporated in England and Wales with registered number 02002044 and with its registered office 24 Martin Lane, London EC4R 0DR
<b>“Whitewash Resolution”</b>	the Resolution numbered 1 in the Notice of General Meeting, being an ordinary resolution to be voted on by Independent Shareholders (on a poll) at the General Meeting to approve the Rule 9 Waiver

## GLOSSARY

<b>“Arbitrage Model”</b>	being the model where a publisher buys traffic at a cost per 1000 visits and serves advertising that exceeds the cost of buying to create an “arbitrage model”
<b>“Header Bidding”</b>	header bidding is a way publishers can simultaneously offer advertising space within a website to numerous advertising exchanges in a real-time auction for each consumer
<b>“Impressions”</b>	impressions refer to the number of times a visitor sees a piece of digital inventory; either an entire web page or a specific element on the page (for example an advertisement)
<b>“Programmatic”</b>	programmatic marketing is automated bidding on advertising inventory in real time, for the opportunity to show an ad to a specific customer, in a specific context
<b>“Push Media”</b>	the activity where a publisher pushes online content out to its audience rather than the audience making an active choice to search out that content. This model sees content commonly distributed through social media feeds
<b>“Pure play”</b>	a pure play company is a company that focuses only on a particular product or activity
<b>“Session”</b>	an internet user’s single visit to a website and all he or she consumes during that visit
<b>“Session value”</b>	the amount of advertising revenue generated per 1000 visits to a website
<b>“Traffic”</b>	this is a general term that refers to the audience visits to a website and the activities and behaviour demonstrated during that visit
<b>“Unique users”</b>	the number of visits received by a website from a unique device

## PART I

### LETTER FROM THE CHAIRMAN

# POLEMOS PLC

*(Incorporated and registered in England & Wales with registered number 04606754)*



*Existing Directors:*

Dr Nigel John Burton (*Non-Executive Chairman*)  
John Michael Treacy (*Non-Executive Director*)

*Registered Office:*

2 Chapel Court  
London  
SE1 1HH

8 February 2019

Dear Shareholders

**Acquisition of Digitalbox Publishing (Holdings) Limited**

**Acquisition of Mashed Productions Limited**

**Approval of waiver of obligations under Rule 9 of the Takeover Code**

**Share Reorganisation**

**Placing and subscription of up to 7,285,715 New Ordinary Shares at £0.14 per share**

**Admission to trading on AIM**

**Change of Name**

and

**Notice of General Meeting**

### 1. Introduction

On 8 February 2019, the Company announced that it had conditionally agreed to acquire the entire issued share capital of DBPH, the parent company of a digital media business DBP, for a total consideration of approximately £10 million, to be satisfied on First Admission by the issue of the DB Consideration Shares to the DB Sellers. In addition, the Company announced that it had also conditionally agreed to acquire the entire issued share capital of MP, a digital media business which owns the online satirical news website "The Daily Mash", for a maximum total consideration of £1.2 million, to be satisfied on Second Admission by the issue of the MP Consideration Shares and payment of up to £1 million in cash.

The Company also announced that it had undertaken a conditional placing and subscription to certain institutional and other investors, pursuant to which it proposed to raise, £1.02 million (before expenses) by the issue of 7,285,715 New Ordinary Shares at a price of 14 pence per New Ordinary Share (being the closing mid-market price at the date trading in the Company's Existing Ordinary Shares was suspended, as adjusted for the Share Reorganisation). The Placing and the MCV Subscription are conditional (amongst other things) upon the passing of certain resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the New Ordinary Shares. As a result, a number of Proposals are to be put to Shareholders at the General Meeting. This document sets out the details of, and reasons for, the Proposals.

The Acquisitions constitute a reverse takeovers pursuant to Rule 14 of the AIM Rules and as such will require the approval of Shareholders which will be sought at the General Meeting. The Acquisitions are conditional, *inter alia*, on the passing of the Resolutions to authorise the Directors to issue the Consideration Shares, Placing Shares and the MCV Subscription Shares. In addition, because the issue prices are below the nominal value of the Existing Ordinary Shares their respective issues are conditional on the Share Reorganisation being approved by Shareholders. Further details of the General Meeting and the Resolutions are set out in paragraph 22 (*General Meeting and Resolutions*) of this Part I.

Implementation of the Proposals will result in certain of the DBPH Shareholders being presumed to be acting in concert for the purposes of the Takeover Code. The Concert Party will hold 30,275,244 New Ordinary Shares, representing approximately 34.08 per cent. of the Enlarged Ordinary Share Capital. In addition, if all the DBPH Warrants and Adviser Warrants held by, or be issued to, members of the Concert Party were exercised (and no other DBPH Warrants, Adviser Warrants or Options were exercised), the Concert Party would hold a total of 33,569,967 New Ordinary Shares, representing 36.44 per cent. of the Company's then issued New Ordinary Share capital. Under Rule 9 of the Takeover Code, the Concert Party would normally be obliged to make an offer to all Shareholders (other than the Concert Party) to acquire their New Ordinary Shares for cash at the Placing Price. The Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders on a poll of the Whitewash Resolution at the General Meeting. Your attention is drawn to the Rule 9 Waiver section contained in paragraph 10 (*Implications of the Acquisition under the Code*) of this Part I.

The Directors believe that it is appropriate, should the Acquisitions be approved by Shareholders at the General Meeting and be completed, that the name of the Company be changed to Digitalbox plc to reflect the business of the Enlarged Group.

The purpose of this document is to provide Shareholders with further information regarding the matters described above and to seek Shareholders' approval of the Resolutions, which include the Rule 9 Waiver, at the General Meeting. The notice of the General Meeting is set out at the end of this document. The Proposals are conditional, among other things, on the passing of the Resolutions and Admission. If the Resolutions are approved by Shareholders, it is expected that First Admission will become effective and dealings will commence on AIM on or around 28 February 2019 and that Second Admission will become effective and dealings will commence on AIM on or around 5 March 2019. The General Meeting of the Company at which the Resolutions will be proposed has been convened for 10.00 a.m. on 27 February 2019 at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR. A Form of Proxy for use at the General Meeting is enclosed with this document.

**You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the "Risk Factors" set out in Part III (*Risk Factors*).**

## **2. Background on the Company and reasons for the Acquisitions**

Polemos became a "Rule 15 cash shell" under Rule 15 of the AIM Rules for Companies with effect from 8 March 2018. As a consequence of this, Polemos became obliged to make an acquisition or acquisitions which constitute(s) a reverse takeover under AIM Rule 14 on or before the date falling six months from 8 March 2018, or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40.

On 10 September 2018 the Company announced that it had agreed conditional heads of terms to acquire the entire issued share capital of DBPH, subject to certain conditions and due diligence. The proposed acquisition would constitute a reverse takeover pursuant to AIM Rule 14, and the Ordinary Shares were suspended pending the publication of the required AIM admission document and Shareholders' approval of the DB Acquisition.

On 9 November 2018 the Company announced that it had raised £220,000 by way of a convertible loan note issue in order to help finance the transaction with DBPH. These Convertible Loan Notes will be converted into 2,095,238 New Ordinary Shares, being the Convertible Loan Note Shares, following the General Meeting and conditional on First Admission. The conversion price is 10.5 pence per share, being a 25 per cent. discount to the Placing Price.

The Existing Directors believe Digitalbox is a dynamic business operating successfully in a growing market that offers significant opportunities for acquisitive growth and therefore that the DB Acquisition presents the Company and its Shareholders with an exciting investment opportunity. The Existing Directors believe this exciting opportunity is illustrated by the MP Acquisition which provides strong credence to the strategy to be adopted by Digitalbox and the Enlarged Group following Admission. Mashed Productions is an example of a niche content digital media business that is profitable but is a small owner-operated business that would benefit from inclusion in a larger media business. The Directors believe it is an ideal acquisition and one to which Digitalbox can add further value.

Accordingly, the Existing Directors propose that, subject to approval of the Resolutions by the Shareholders at the General Meeting, the Company should acquire the entire issued share capitals of DBPH and MP respectively. The Enlarged Group's business would therefore constitute exclusively that of Digitalbox Publishing and Mashed Productions, which is the provision of content for digital advertising. Details of the business and operations of Digitalbox are set out in paragraph 3 below and in Part II (*Information on Digitalbox*). Details of the business and operations of Mashed Productions are set out in paragraph 4 below.

### 3. Summary information on Digitalbox

Digitalbox is a digital media business based in the UK. Through its brand Entertainment Daily, it produces and publishes online UK entertainment news covering TV shows, showbiz and celebrity news. It generates revenue from the sale of advertising slots in and around the content it publishes.

DBPH is a holding company. Its only subsidiary is DBP which also has one subsidiary, Digitalbox Publishing Inc., which is incorporated in the US. In April 2018, the Digitalbox Directors made the decision to suspend trading in the US due to the level of investment that DBP Inc. was going to require to bring it to an effective operating position. As a result, all the trading activity of Digitalbox is currently conducted through DBP.

The table below sets out DBP's summary audited financial information for the periods indicated, prepared in accordance with IFRS. As this is only a summary, Shareholders are advised to read the whole of this document, including the historical financial information on DBP and DBP Inc. as set out in Part VI (*Historical financial information on Digitalbox*) and not rely solely on this summarised information.

#### *Summary historical financial information of DBP*

	<i>13 months ended 31 December 2016 £'000</i>	<i>Year ended 31 December 2017 £'000</i>	<i>Six months ended 30 June 2018 £'000</i>
Revenue	1,908	2,315	1,010
Gross profit	126	1,336	687 <sup>(1)</sup>
Gross margin	7%	58%	45% <sup>(2)</sup>
Operating (loss)/profit	(1,095)	565	173

(1) Is stated after recognition of an exceptional credit of £229,000

(2) Is stated before recognition of an exceptional credit of £229,000

Further details of the business and operations of Digitalbox are set out in Part II (*Information on Digitalbox*).

### 4. Information on Mashed Productions

Mashed Productions is a digital media business incorporated in Scotland and based in the UK. Through its brand Daily Mash, it produces and publishes online satire spoof news articles in its own distinctive parody style. It generates revenue from the sale of advertising slots in and around the content it publishes.

Mashed Productions, and subsequently the Daily Mash site, was established in 2007 by journalists Neil Rafferty and Paul Stokes who have subsequently built up a large and loyal audience of predominantly educated and affluent 25 to 44 year olds. The audience is split 54:46 between male and female with approximately 79 per cent. of visitors to the site originating within the UK.

The Daily Mash stories are short and punchy and are produced in a series of formats that mimic standard internet news formats such as a news story, a first person piece, a softer feature and a quiz.

All stories are published under the Daily Mash brand, with no writers being individually named. The articles are written in the specific style of Daily Mash which has not changed since 2007. Neil Rafferty is editor-in-chief and the site has three other editors. They all write stories and other content is commissioned from a pool of freelancers.

Daily Mash's audience is loyal and traffic is generated through a variety of sources including Facebook where Daily Mash has about 850,000 followers, an email mailing list of 29,000 people, Twitter, Google, and a large number of direct visits to the site. In October 2018, direct visitors made up 24 per cent. of visits, with social media traffic accounting for 63 per cent. In the four months to the end of October Daily Mash generated an average of 3.7 million sessions a month, 1.8 million unique visitors a month and 6.7 million page views. All traffic and social media followings have been generated organically with no paid-for followers or content.

Since 2007, the site has built up an archive of more than 15,000 stories. All Daily Mash stories are originally written and unique. Daily Mash owns the intellectual rights to the articles which allows them to exploit the stories in other formats such as video or TV. Site content is inspired by the daily news agenda but in recent years Daily Mash has increasingly turned its attention to satirising social tribes and trends to produce highly viral content of a more timeless nature that has a much broader and longer appeal than daily news.

In the last year the Daily Mash has successfully transferred to television as the co-developer of BBC Two's weekly satirical show The Mash Report. Video clips from the first series of the Mash Report which aired in July 2017 and Jan-Feb 2018 received more than 200 million views on the internet, making the Mash Report BBC Two's most successful ever social media campaign.

DM has inspired a number of rivals such as The Rochdale Herald, Newsthump, and Southend News Network. However, no competitor has managed to build a significant audience to rival DM. The site benefits from considerable first-mover advantage, its large Facebook following, email list, and brand loyalty. Its strong editorial team and format approach mean it is capable of consistently generating high-quality, original humour content which is extremely hard to replicate.

The table below sets out MP's summary audited financial information for the periods indicated, prepared in accordance with IFRS. As this is only a summary, Shareholders are advised to read the whole of this document, including the historical financial information on MP as set out in Part VII (*Historical financial information on Mashed Productions*) and not rely solely on this summarised information.

#### *Summary historical financial information of MP*

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Seven months</i>
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>ended</i>
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>31 October</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	367	413	396	199
Gross profit	239	268	232	110
Gross margin	65%	65%	59%	55%
Operating profit	167	195	135	49

## **5. Principal terms of the Acquisitions**

On 7 February 2019, the Company entered into the DB Acquisition Agreement with the DBPH Sellers pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of DBPH. The entry into the DB Acquisition Agreement entitled the DBPH Sellers to issue the Drag Along Notice to the DBPH Dragged Sellers requiring them to sell their shares in DBPH to the Company on the same financial terms as the DBPH Sellers.

The total consideration for the DB Acquisition is approximately £10 million payable, in aggregate, to the DB Sellers, which will be satisfied on Completion by the issue, in aggregate, of 72,720,346 New Ordinary Shares at a price of 13.75 pence per New Ordinary Share, in each case to the DB Sellers *pro rata* to their shareholding in DBPH.

On 7 February 2019, the Company entered into the MP Acquisition Agreement with the MP Sellers pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of MP.

The total maximum consideration for the MP Acquisition is £1.2 million payable on Completion as to a maximum of £1 million in cash and £200,000 by the issue of 1,428,571 New Ordinary Shares at a price of 14 pence per share. The sellers of MP comprise Paul Stokes and Neil Rafferty. Paul Stokes will receive his share of the consideration being up to £600,000 in cash. Neil Rafferty will receive up to £400,000 in cash and £200,000 through the issue of 1,428,571 New Ordinary Shares. £100,000.00 of the cash payment payable to the MP Sellers shall be paid over a 24 month period following Second Admission in equal monthly instalments.

Completion of the Acquisitions are conditional, *inter alia*, on the approval of the Resolutions at the General Meeting, First Admission and Second Admission occurring and no material adverse change having occurred in respect of DBPH or Digitalbox and Mashed Productions prior to Completion.

Pursuant to the Acquisition Agreements, certain of the DB Sellers and Neil Rafferty have also agreed to enter into restrictions on their ability to sell the Consideration Shares either in the form of the Lock-in Deed, in the case of the DBPH Sellers, or in the MP Acquisition Agreement, in the case of Neil Rafferty.

On 7 February 2019, DBPH entered into the DBP Acquisition Agreement with James Carter and James Douglas pursuant to which the Company has conditionally agreed to acquire the ordinary shares in DBP held by James Carter and James Douglas in exchange for DBPH issuing, in aggregate, 82,064 ordinary shares in DBPH credited as fully paid. The DBP Acquisition Agreement will complete immediately prior to the DB Acquisition and result in DBPH owning, prior to completion of the DB Acquisition Agreement, 100 per cent. of the issued share capital of DBP.

Further details relating to the Acquisition Agreements, the DBP Acquisition Agreement and related documents are set out in paragraphs 12.1.1, 12.1.2 and 12.2.2 of Part XI (*Additional Information*).

## **6. Change of Name**

To reflect the new direction of the Company, the Board is proposing to change the name of the Company. Under the Companies Act 2006, a change of name requires the passing of a special resolution of Shareholders at a general meeting. Therefore a special resolution will be put to the General Meeting to approve the change of the Company's name to:

"Digitalbox plc"

The change of name will become effective once the Registrar of Companies has issued a new certificate of incorporation on the change of name. This is expected to occur on or around 27 February 2019. The tradeable instrument display mnemonic ("TIDM") of the Company is expected to change to AIM: DBOX effective from 7.00 a.m. on 28 February 2019.

## **7. Share Reorganisation**

Under the Companies Act a company is unable to issue shares at a subscription price which is less than their nominal value. The par value of each Existing Ordinary Share is more than the issue prices of the Placing Shares, the MCV Subscription Shares, the Convertible Loan Note Shares and the Consideration Shares, were the Share Reorganisation not to occur. Therefore in order to proceed with, *inter alia*, the Acquisitions, the MCV Subscription and the Placing, the Company is proposing to undertake the Consolidation and Sub-division so that the par value of the Existing Ordinary Shares is reduced to below the Placing Price.

At close of business on 10 September 2018, the date on which trading in the Company's Ordinary Shares was suspended, the Company had 465 Shareholders of which 372 had shareholdings of less than 2,500 shares. These 372 Shareholders account for 80 per cent. of the Shareholders by number, but represent only 0.08 per cent. of the total number of Existing Ordinary Shares.

At the closing bid price of 0.7 pence on 10 September 2018, the date on which trading in the Company's Ordinary Shares was suspended, the market value of 2,500 shares was £17.50. The Existing Directors consider that should a Shareholder with 2,500 shares or less choose to sell their shares, the proceeds may

be significantly reduced by the dealing costs of selling. Therefore the Existing Directors recognise that for small Shareholders it may be uneconomic for them to dispose of their shares. The Capital Reorganisation will allow small Shareholders to realise value for their shares free of dealing costs.

Under the Capital Reorganisation, 907 new Ordinary Shares will be issued at a price of 1.0 pence per share to ensure that as part of the Capital Reorganisation an exact whole number of Consolidated Ordinary Shares will be issued. Then, the Ordinary Shares in issue at the Record Date will be consolidated into Consolidated Ordinary Shares on the basis of one Consolidated Ordinary Share for each 2,500 Ordinary Shares. Each Consolidated Ordinary Share will then be sub-divided into 125 New Ordinary Shares and 2,375 New Deferred Shares.

Most Shareholders will not hold at the Record Date a number of Existing Ordinary Shares that is exactly divisible by the consolidation ratio. The result of the Consolidation, if approved, will be that such Shareholders will be left with a fractional entitlement to a resulting New Ordinary Share. Any such fractions as a result of the Consolidation will be aggregated and, following the Sub-division, the Directors will in accordance with the Articles sell the aggregated shares in the market for the benefit of the relevant Shareholders.

The proceeds from the sale of the fractional entitlements shall be distributed *pro rata* amongst the relevant Shareholders save that where a Shareholder is entitled to an amount which is less than £3 it will (in accordance with the New Articles) not be distributed to such Shareholder but will be donated to charity by the Company.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Existing Ordinary Shares.

In order to effect the Share Reorganisation, the Company proposes to adopt the New Articles with effect from First Admission. The New Deferred Shares created as a result of the Sub-division will have the same rights as the Existing Deferred Shares. These rights are minimal, thereby rendering the Deferred Shares, effectively valueless. The rights attaching to the Deferred Shares can be summarised as follows:

- they will not entitle holders to receive any dividend or other distribution or to receive notice or speak or vote at general meetings of the Company;
- they will have no rights to participate in a return of assets on a winding up;
- they will not be freely transferable;
- the creation and issue of further shares will rank equally or in priority to the Deferred Shares;
- the passing of a resolution of the Company to cancel the Deferred Shares or to effect a reduction of capital shall not constitute a modification or abrogation of their rights; and
- the Company shall have the right at any time to purchase all of the Deferred Shares in issue for an aggregate consideration of £0.01.

There are no immediate plans to purchase or to cancel the Deferred Shares, although the Directors propose to keep the situation under review.

A copy of the New Articles proposed to be adopted by Resolution 16 will be available for inspection at the General Meeting and will be made available free of charge on the Company's website at [www.polemos.co.uk](http://www.polemos.co.uk) and following First Admission on [www.digitalbox.com](http://www.digitalbox.com).

Existing share certificates will cease to be valid following the Share Reorganisation. New share certificates in respect of the New Ordinary Shares will be issued by first class post at the risk of the Shareholder within 10 Business Days of each Admission. No certificates will be issued in respect of the New Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to the New Deferred Shares. No application will be made for the Deferred Shares to be admitted to trading on AIM or any other investment exchange.

A CREST Shareholder will have their CREST account credited with their New Ordinary Shares following their Admission, which is expected to be on 28 February 2019 and on 5 March 2019 in respect of First Admission and Second Admission respectively.

## **8. Existing Directors, Proposed Directors and corporate governance**

The Existing Directors comprise Nigel Burton and John Treacy. John Treacy will stand down from the Board and also as company secretary with effect from, and subject to, First Admission. The Proposed Directors will be appointed to the Board effective from and conditional on First Admission.

On First Admission the Board will comprise:

Robin Miller	(Non-Executive Chairman)
James Carter	(Chief Executive Officer)
Jim Douglas	(Chief Operating Officer)
David Joseph	(Chief Financial Officer)
Nigel Burton	(Non-Executive Director)
Martin Higginson	(Non-Executive Director)

David Joseph will be appointed as company secretary effective from and conditional on First Admission.

Biographic details of the Existing Directors and Proposed Directors together with the corporate governance arrangements of the Enlarged Group are set out in Part IV of this document.

## **9. Financial information**

Historical financial information on the Company, DBP and DBP Inc., and Mashed Productions is set out in Parts V and VI and VII respectively of this document. An unaudited pro forma net assets statement showing the hypothetical net assets of the Enlarged Group is set out in Part VIII (*Unaudited pro forma statement of net assets of the Enlarged Group*).

## **10. Implications of the DB Acquisition under the Code**

### ***Background to the Concert Party***

Certain of the DB Sellers, being DBPH Directors and parties closely associated with them together with Leander and its employees, Alex Davies and Gareth Jones as connected advisers, are deemed under the Code to be acting in concert in relation to the Proposals and, where relevant, are referred to as the Concert Party throughout this document. Further details of the Concert Party are set out in Part X (*Information on the Concert Party and additional disclosures required under the Takeover Code*). For the purposes of the Code, persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate, to obtain or consolidate control of a company or frustrate the successful outcome of an offer for a company. For the purposes of the Code, "control" means an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. Under the Code, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, are also presumed to be acting in concert in respect of that company unless the contrary is established.

## Concert Party

Should the DB Acquisition complete, the following persons as set out below are presumed to be acting in concert with each other. Their interests in the Company immediately following First Admission are set out in the table below.

<i>Concert Party</i>	<i>Number of New Ordinary Shares on First Admission</i>	<i>Percentage of New Ordinary Shares on First Admission</i>	<i>Number of New Ordinary Shares subject to the DBPH Warrants or Adviser Warrants</i>	<i>Maximum number of New Ordinary Shares</i>	<i>Percentage of New Ordinary Shares on First Admission (assuming the DBPH Warrants held by David Marks and Martin Higginson and Adviser Warrants held by Leander have been exercised)</i>
Higginson Family	9,787,549	11.02	1,590,933	11,378,482	12.36
Sir Robin Miller	775,464	0.87	–	775,464	0.84
Dobbie Family	8,243,000	9.28	–	8,243,000	8.95
Napier Brown Holdings Limited	3,342,446	3.76	–	3,342,446	3.63
Hepworth Family	3,303,898	3.72	–	3,303,898	3.59
Leander and Leander Employees	1,439,555	1.62	112,857	1,552,412	1.69
David Marks	–	0.00	1,590,933	1,590,933	1.73
M Capital Ventures <sup>5</sup>	3,383,332	3.81	–	3,383,332	3.67
	<u>30,275,244</u>	<u>34.08</u>	<u>3,294,723</u>	<u>33,569,967</u>	<u>36.44</u>

- All of the Higginson Family DB Consideration Shares will be held by Sam Higginson and all of the DBPH warrants will be held by Martin Higginson.
- The Dobbie Family comprises William Dobbie and Leonie Dobbie who will hold 659,291 and 7,583,709 shares respectively.
- The Hepworth Family comprises Paul Hepworth who holds 412,854 shares, John Hepworth who holds 2,478,190 shares and Mark Hepworth who holds 412,854 shares.
- Alex Davies and Gareth Jones, directors of Leander hold 760,577 and 111,122 shares respectively. Leander will hold 112,857 Adviser Warrants and 567,856 New Ordinary Shares on First Admission.
- The directors of M Capital Ventures include Martin Higginson and Sir Robin Miller.

In aggregate, the Concert Party will be interested in 30,275,244 New Ordinary Shares, representing 34.08 per cent. of the New Ordinary Shares in issue following First Admission assuming: (a) no exercise of any outstanding DBPH Warrants, Options and Adviser Warrants; and (b) no other share issues.

The Concert Party has no current interest in any Existing Ordinary Shares.

## Maximum potential controlling position

As at the date of this document, the members of the Concert Party are not interested in any Existing Ordinary Shares. Immediately following First Admission, the Concert Party will hold in aggregate 30,275,244 New Ordinary Shares, representing 34.08 per cent. of the New Ordinary Share Capital as at First Admission. Assuming only the DBPH Warrants and Adviser Warrants held by members of the Concert Party are exercised, the Concert Party will hold 33,569,967 New Ordinary Shares, representing 36.44 per cent. of the New Ordinary Share capital as enlarged by such an exercise.

The issue of the Consideration Shares to the Concert Party would therefore ordinarily incur an obligation under Rule 9 of the Code for the Concert Party to make a general offer for the remainder of the entire issued share capital of the Company in cash at 14 pence per Existing Ordinary Share, being the Placing Price. In addition, the exercise of the DBPH Warrants and Adviser Warrants held by members of the Concert Party would also ordinarily incur a further obligation under Rule 9 of the Code for the Concert Party to make a general offer for the remainder of the entire issued share capital of the Company. However the Panel has agreed to waive these obligations subject to the approval of the Whitewash Resolution by Independent Shareholders voting on a poll at the General Meeting.

Further details regarding the provisions of the Code, the Whitewash Resolution and the interests of the Concert Party in the Company are set out below in the section headed “*Waiver of Rule 9 of the Code*” of this Part I and in Part X of this document.

### ***Intentions of the Concert Party***

At present the Company is a Rule 15 cash shell within the meaning of Rule 15 of the AIM Rules for Companies with no trading business. The Company’s objective has been to acquire a trading business which will constitute a reverse takeover under Rule 14 of the AIM Rules for Companies. The Existing Directors believe that the acquisitions of Digitalbox and Mashed Productions will fulfil this objective. The Concert Party has confirmed that following completion of the Proposals its intention is that the business of the Company be changed to that of developing the business of the Enlarged Group as described in paragraph 14 (*Future Strategy of the Enlarged Group*) below.

Other than as set out in “*Future Strategy of the Enlarged Group*” in paragraph 14 below and paragraph 5 of Part II, the Concert Party has confirmed that it has no intention to make any changes in relation to:

- the future business of the offeree company, including its intentions for any research and development functions of the offeree company;
- the continued employment of the employees and management of the offeree company and of its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management;
- the strategic plans for the offeree company, and their likely repercussions on employment and on the locations of the offeree company’s places of business, including on the location of the offeree company’s headquarters and headquarters functions;
- employer contributions into the offeree company’s pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, and the admission of new members;
- any redeployment of the fixed assets of the offeree company; and
- the maintenance of any existing trading facilities for the relevant securities of the offeree company.

### ***Waiver of Rule 9 of the Code***

The Code is issued and administered by the Panel. The Company is a company to which the Code applies, and its Shareholders are entitled to the protections afforded by the Code. Under Rule 9 of the Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Code), in shares which, taken together with shares 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 Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

**Shareholders should be aware that under the Takeover Code, if a person (or group of persons acting in concert) holds shares carrying more than 50 per cent. of the Company’s voting rights, that person (or any person(s) acting in concert with him) may acquire further shares without incurring any obligation under Rule 9 to make a mandatory offer, although individual members of the Concert Party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold, without Panel consent. Such persons should, however, consult with the Panel in advance of making such further acquisitions.**

**An offer under Rule 9 of the Code must be made in cash (or with a cash alternative) and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.**

Under Note 1 on the Dispensations from Rule 9 of the Code, when the issue of new securities in consideration for an acquisition or a cash subscription would otherwise result in an obligation to make a general offer under Rule 9 of the Code (“**Rule 9 Offer**”), the Panel will normally waive the obligation if, *inter alia*, there is an independent vote (on a poll) at a shareholders’ meeting.

**The Company has applied to the Panel for a waiver of Rule 9 of the Code in order to permit the DB Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. Subject to the approval of the Independent Shareholders of the Whitewash Resolution taken on a poll in General Meeting, the Panel has agreed to waive the obligation to make a Rule 9 Offer for the entire issued share capital of the Company that would otherwise arise as a result of the issue of New Ordinary Shares to any member of the Concert Party in connection with any of the Proposals. Accordingly, the Whitewash Resolution being proposed at the General Meeting will be taken by means of a poll of Independent Shareholders attending and voting at the General Meeting. None of the members of the Concert Party (nor any adviser connected to them) or any Shareholder who holds Convertible Loan Notes or who is participating in the Placing) are permitted to exercise their voting rights in respect of the Whitewash Resolution but may exercise their voting rights in respect of the remainder of the Resolutions.**

The waiver to which the Panel has agreed under the Code will be invalidated if any purchases are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this document and the General Meeting. Furthermore, no member of the Concert Party, nor any person acting in concert with it, has purchased Existing Ordinary Shares in the 12 months preceding the date of this document.

**In the event that the Proposals are approved, the Concert Party will not be restricted from making an offer for the New Ordinary Shares in the Company.**

In each case above it is assumed that no other person has converted any convertible securities or exercised any option or any other right to subscribe for shares in the Company following the date of this document.

#### **11. Details of the Placing and the MCV Subscription**

Subject to First Admission, Leander has, as agent for the Company, conditionally placed 5,642,858 Placing Shares at the Placing Price with institutional and other investors in accordance with the terms of the Placing Agreement, further details of which are set out at paragraph 12.1.7 of Part XI (*Additional Information*).

Subject to First Admission, M Capital Ventures Limited has agreed to subscribe for 1,642,857 MCV Subscription Shares at the Placing Price, further details of which are set out at paragraph 12.1.3 of Part XI (*Additional Information*).

Together, the Placing and MCV Subscription are expected to raise £1.02 million (before expenses). After the expenses of the Proposals, estimated to be £0.75 million (excluding VAT) in total, of which approximately £0.12 million will be settled by the issue of the Adviser Shares, the Company is expected to receive approximately £0.39 million from the Placing and the MCV Subscription. Leander and WH Ireland have agreed that part of the fees and commissions payable under the Placing Agreement will be satisfied via the issue by the Company of the Adviser Shares, treated as fully paid, on First Admission.

The Placing Shares and the MCV Subscription Shares to be issued pursuant to the Placing and the MCV Subscription will represent approximately 8.1 per cent. of the Enlarged Ordinary Share Capital. The Placing Shares and the MCV Subscription Shares will, following First Admission, rank in full for all dividends and *pari passu* in all other respects with the New Ordinary Shares and will have the right to receive all dividends and distributions declared, made or paid in respect of the Enlarged Ordinary Share Capital after First Admission.

The Existing Ordinary Shares and the New Ordinary Shares have not been, and will not be registered under the US Securities Act or with any regulatory authority of any state or other jurisdiction of the US and may not be offered or sold within the US.

#### **12. Use of the proceeds of the Placing and the MCV Subscription**

The proceeds of the Placing and the MCV Subscription are expected, in aggregate, to be approximately £1.02 million and are intended to be used to meet the cash consideration of the MP Acquisition and to part fund the expenses of the Proposals.

### 13. Current trading

#### (a) **Polemos plc**

On 4 July 2018 the Company announced its interim results for the six months ended 30 June 2018. On 10 September 2018 in accordance with the AIM Rules, trading in the Company's Ordinary Shares was suspended. Also on 10 September 2018 the Company announced it was in discussions to acquire DBPH. On 9 November 2018 the Company announced it had raised, conditional on First Admission, £220,000 by way of the Convertible Loan Notes.

#### (b) **Digitalbox**

The results of DBP for the six months ended 30 June 2018 are set out in Section A of Part VI (*Historical Financial Information on Digitalbox*). Since 30 June 2018, Digitalbox has continued to trade in line with the Directors' expectations.

#### (c) **Mashed Productions**

Since 30 October 2018, Mashed Productions has continued to trade in line with the Directors' expectations.

### 14. Future strategy of the Enlarged Group

Conditional on First Admission, John Treacy will resign as an Existing Director and company secretary. Nigel Burton will continue as a Non-Executive Director of the Company. Also conditional on First Admission, the registered office will be moved to Digitalbox's offices in Bath.

The Directors believe that the DB Acquisition, MP Acquisition and each Admission will provide the Enlarged Group with considerable growth opportunities and that it initiates the broader growth strategy of the Company. Digitalbox has proven its model and built a profitable UK business around Entertainment Daily. It is now seeking to expand through the acquisition of targets, of which the MP Acquisition is the first example, to which it can apply its model. The Proposed Directors believe the timing is right for this given the rising tide of mobile use and the state of flux of the media market itself. The Directors look forward to focusing on delivery of the Enlarged Group's strategy of building a UK-based group providing a profitable, mobile-first digital media business of scale.

### 15. Lock-in and orderly market arrangement

#### (a) **Lock-in Persons**

The Company, WH Ireland, Leander and the Locked-in Persons who together will hold 46.0 per cent. of the Enlarged Ordinary Share Capital have entered into the Lock-in Deed, pursuant to which the Locked-in Persons have agreed that subject to certain customary exceptions, (i) for a period of 12 months from the date of First Admission, neither they nor their connected persons shall transfer or dispose of the Consideration Shares or shares which they hold upon exercise of any options or warrants over New Ordinary Shares granted to them; and (ii) for a further period of 12 months, the Locked-in Persons shall only be able transfer or dispose of New Ordinary Shares in which they have a beneficial interest through the Company's broker in order to maintain an orderly market in the New Ordinary Shares.

#### (b) **Directors**

Pursuant to the Placing Agreement:

- each of the Directors has agreed that, subject to certain exceptions, during the period from the date of the Placing Agreement until the date falling 365 days after First Admission, he will not, subject to limited exceptions, without the prior consent of WH Ireland and Leander, dispose of any New Ordinary Shares held by him at the time of First Admission; and
- each of the Directors has also agreed that, for a period of 365 days from the date of expiry of the lock-in arrangements described above, to comply with certain requirements designed to maintain an orderly market in the New Ordinary Shares.

The Placing Agreement also provides that WH Ireland and Leander may require the Directors who are also DBPH Sellers (being James Carter, Jim Douglas and Martin Higginson (via the shares held by Samuel Higginson)) to dispose of their DB Consideration Shares in order to satisfy certain claims under the Placing Agreement.

(c) **Neil Rafferty**

Pursuant to the MP Acquisition Agreement Neil Rafferty has agreed that, subject to certain exceptions, during the period of 12 months from the date of completion of the MP Acquisition Agreement that he will not, subject to certain limitations, dispose of any MP Consideration Shares. He has further agreed that for a period of 12 months after the first anniversary of the date of completion of the MP Acquisition Agreement that the MP Consideration Shares will be subject to an orderly market arrangement.

The Locked-in Persons, Neil Rafferty and the Directors will together hold 73.2 per cent. of the Enlarged Ordinary Share Capital and such New Ordinary Shares will be subject to the lock-in and orderly market arrangements set out in the above-mentioned Lock-in Deed, Placing Agreement and MP Acquisition Agreement.

## **16. Admission, settlement, CREST and dealings**

Application will be made to the London Stock Exchange for the number of New Ordinary Shares in issue following First Admission to be admitted to trading on AIM, conditional on (amongst other things) Shareholders' approval at the General Meeting. It is expected that First Admission will become effective and that dealings will commence at 8.00 a.m. on 28 February 2019.

Application will be made to the London Stock Exchange for the MP Consideration Shares to be admitted to trading on AIM, conditional on (amongst other things) Shareholders' approval at the General Meeting. It is expected that Second Admission will become effective and that dealings will commence at 8.00 a.m. on 5 March 2019.

Following each Admission, share certificates representing the New Ordinary Shares are expected to be despatched by first class post at the risk of the Shareholder to subscribers who wish to receive New Ordinary Shares in certificated form by no later than 10 Business Days following each Admission.

In respect of Shareholders who wish to receive New Ordinary Shares in uncertificated form, New Ordinary Shares will be credited to their CREST stock accounts at 8.00 a.m. on 28 February 2019 in respect of First Admission and 5 March 2019 in respect of Second Admission. The Company reserves the right to issue any New Ordinary Shares in certificated form should it consider this to be necessary or desirable.

## **17. Share options**

At the date of this document, the Company has no share options which are likely to be exercised. It has share options outstanding over 160,000 Existing Ordinary Shares exercisable at a price of 20 pence per Ordinary Share, equivalent, following completion of the Share Reorganisation, to 8,000 New Ordinary Shares at an exercise price of 400 pence per New Ordinary Share.

The Directors believe that the success of the Company will depend to a high degree on the future performance of key employees in executing the Company's growth strategy. The Company has therefore established, with effect from First Admission, the Share Option Scheme as an important means of retaining, attracting and motivating key employees and contractors, and also for aligning the interests of the management team with those of Shareholders. Further details relating to the Share Option Scheme are set out at paragraph 15 of Part XI (*Additional Information*).

The Company shall have a pool of shares available for employee and management share options equivalent to 10 per cent. of the entire issued share capital of the Company from time to time. James Carter and Jim Douglas are each to be granted Management Options to acquire New Ordinary Shares equivalent to 16.667 per cent. of the number of New Ordinary Shares in the option pool. This will equate to James Carter and James Douglas each holding Management Options over 1,504,226 New Ordinary Shares.

The Management Options are exercisable after the third anniversary of First Admission or in the event of an earlier exercise event subject to certain performance conditions.

In addition, subject to First Admission, the Board proposes to issue further Options to certain employees to acquire New Ordinary Shares equivalent to 33.333 per cent. of the number of New Ordinary Shares in the option pool. These Options will be exercisable at the Placing Price after the third anniversary of First Admission or on the occurrence of an exercise event, if earlier.

## 18. Warrants

At the date of the date document, the Company has no outstanding warrants.

David Marks, Martin Higginson, James Carter and Jim Douglas hold, in aggregate, DBPH Warrants over 20,244 ordinary shares in DBPH which they will continue to hold following First Admission.

Whenever these warrants are exercised (in whole or in tranches of not less than 100 DBPH Warrants), it has been agreed, pursuant to the terms of the Warrant Acquisition Agreement, that the Company will acquire such underlying DBPH shares at ratio of one DBPH share in exchange for the issue of 224.55 New Ordinary Share to be issued by the Company.

In addition, the Company has agreed to issue Adviser Warrants on First Admission over an aggregate of 169,285 New Ordinary Shares to WH Ireland and Leander. Further details to the Adviser Warrants to be issued are set out in paragraph 12.1.9 of Part XI (*Additional Information*).

## 19. Dividend policy

The Directors believe that the Enlarged Group should seek principally to generate capital growth for its Shareholders but may recommend dividends at some future date, depending upon the generation of sustainable profits, if and when it becomes commercially prudent to do so and subject to having distributable reserves available for the purpose. There can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

## 20. Risk factors and further information

You should read the whole of this document and not just rely upon the information contained in this Part I. In particular, your attention is drawn to the information set out in Part III (*Risk Factors*) and Part XI (*Additional Information*).

## 21. Taxation

**General information regarding UK taxation is set out in Part IX (*Taxation*). These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his tax position he should consult his own independent financial adviser immediately. Investors who are subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares or, following Admission, New Ordinary Shares.**

## 22. General Meeting and Resolutions

The Notice of General Meeting convenes a general meeting of Shareholders to be held at 10.00 a.m. on 26 February 2019 at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR. The Notice of General Meeting is set out at the end of this document. The following Resolutions will be proposed at the General Meeting:

- (a) Resolution 1:** Under Rule 9 of the Takeover Code, the Concert Party would normally be obliged to make an offer to all Shareholders (other than the Concert Party) to acquire their New Ordinary Shares for cash at the Placing Price. The Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders on a poll of the Whitewash Resolution at the General Meeting. Accordingly, Resolution 1 is an ordinary resolution to approve the waiver granted by the Panel.
- (b) Resolution 2:** The DB Acquisition will constitute a reverse takeover pursuant to Rule 14 of the AIM Rules pursuant to the DB Acquisition Agreement and the Drag Along Notice. As such, the approval of Shareholders will be required. Accordingly, Resolution 2 is an ordinary resolution to approve the DB Acquisition, subject to First Admission.
- (c) Resolution 3:** Resolution 3 is an ordinary resolution to approve the MP Acquisition, subject to Second Admission.
- (d) Resolution 4:** The Company proposes to consolidate the Ordinary Shares on a 1 for 2500 basis. Accordingly, Resolution 4 is an ordinary resolution to approve the Consolidation.

- (e) **Resolution 5:** Under the Companies Act, a company is unable to issue shares at a subscription price that is less than their nominal value. As the issue prices for the Placing, the MCV Subscription, the Convertible Loan Note Shares and the Consideration Shares are more than the par value of each Existing Ordinary Share (one pence), a subdivision of the Consolidated Ordinary Shares is required. Therefore, subject to the consolidation being approved, Resolution 5 will be proposed as an ordinary resolution to approve the Sub-division.
- (f) **Resolution 6:** Resolution 6 is an ordinary resolution to appoint Sir Robin Miller as a director of the Company.
- (g) **Resolution 7:** Resolution 7 is an ordinary resolution to appoint James Carter as a director of the Company.
- (h) **Resolution 8:** Resolution 8 is an ordinary resolution to appoint Jim Douglas as a director of the Company.
- (i) **Resolution 9:** Resolution 9 is an ordinary resolution to appoint Martin Higginson as a director of the Company.
- (j) **Resolution 10:** Resolution 10 is an ordinary resolution to appoint David Joseph as a director of the Company.
- (k) **Resolution 11:** The Company does not currently have sufficient authority to allot shares under the Companies Act to effect the Placing and the MCV Subscription or to issue the Consideration Shares, the Adviser Shares or the Convertible Loan Note Shares or any New Ordinary Shares on the exercise of the Adviser Warrants and DBPH Warrants. Accordingly, Resolution 11 is an ordinary resolution to ensure that the Directors have sufficient authority under s551 of the Companies Act to issue such shares. This authority will expire at the earlier of the Company's next annual general meeting and 26 February 2020.
- (l) **Resolution 12:** Resolution 12 is an ordinary resolution to provide the Directors with authority under s551 of the Companies Act to issue further equity securities (in addition to those set out in Resolution 11 above) of up to one third of the Enlarged Share Capital before the Company's next annual general meeting. This authority will expire at the earlier of the Company's next annual general meeting and 26 February 2020 and is in addition to the authority set out at Resolution 11.
- (m) **Resolution 13:** This is a special resolution to re-classify the Existing Deferred Shares as A Deferred Shares given that a new class of deferred share is created following the Share Re-organisation.
- (n) **Resolution 14:** Resolution 14, is a special resolution conditional upon the passing of Resolution 11, to empower the Directors, pursuant to s570 of the Companies Act, to allot New Ordinary Shares up to a maximum aggregate nominal amount of £890,627.91 on a non-pre-emptive basis to effect the Placing and the MCV Subscription and to issue the Consideration Shares, the Adviser Shares, the Convertible Loan Note Shares and any New Ordinary Shares on the exercise of the Advisers Warrants and DBPH Warrants. This authority will expire at the earlier of the Company's next annual general meeting and 26 February 2020.
- If Resolution 14 is passed, the Directors will have the power, under the Companies Act, to allot such New Ordinary Shares without offering those shares to existing Shareholders.
- (o) **Resolution 15:** Resolution 15 is a special resolution conditional upon the passing of Resolution 12, to empower the Directors, pursuant to s570 of the Companies Act, to allot New Ordinary Shares up to a maximum aggregate nominal amount of £135,377.59 (which is approximately 15 per cent. of the Enlarged Ordinary Share Capital) before the Company's next annual general meeting) on a non-pre-emptive basis. This authority is in addition to the authority set out at Resolution 14 above and will expire at the earlier of the Company's next annual general meeting and 26 February 2020.
- (p) **Resolution 16:** The Company intends to adopt New Articles upon First Admission. Accordingly, Resolution 16 is a special resolution to approve the adoption of New Articles, which are summarised in paragraph 6 of Part XI (*Additional Information*).
- (q) **Resolution 17:** Resolution 17 is a special resolution to change the name of the Company to Digitalbox plc.

Resolutions 1 to 12 (inclusive) are ordinary resolutions and require a majority of more than 50 per cent., of the Shareholders voting to be passed. Resolutions 13 to 17 (inclusive) are special resolutions and require the approval of 75 per cent. of the Shareholders voting to be passed.

The authorities in Resolutions 1, 11 and 14 are required to enable the Directors to issue the Consideration Shares pursuant to the Acquisitions, the Convertible Loan Note Shares pursuant to the Convertible Loan Note and to effect the Placing and the MCV Subscription. The authorities in Resolutions 12 and 15 are general authorities and are in addition to Resolutions 11 and 14. Resolutions 12 and 15 replace the general authorities that were granted by Shareholders at the Company's annual general meeting on 3 April 2018, which gave the Directors authority to allot relevant securities up to a maximum aggregate nominal amount of £196,522.00 under s551 of the Companies Act and to allot Ordinary Shares up to a maximum aggregate nominal amount of £196,522.00 on a non-pre-emptive basis under s570 of the Companies Act.

The Notice of General Meeting at the end of this document sets out the Resolutions in full.

### **23. Action to be taken by Shareholders**

Enclosed with this document is a Form of Proxy for use at the General Meeting. The Notice of General Meeting is set out at the end of this document and a description of the Resolutions proposed at the General Meeting is set out at paragraph 22 (*General Meeting and Resolutions*) of this Part I. Whether or not Shareholders intend to be present at the General Meeting, all Shareholders are recommended to complete, sign and return the Form of Proxy to the Registrars so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 25 February 2019. Shareholders who complete and return the Form of Proxy may still attend and vote at the General Meeting should they wish to do so. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment thereof) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

Further details for Shareholders on how to vote can be found in the Notice of General Meeting and the Form of Proxy.

**The Company's shares were suspended from trading on AIM on 10 September 2018 and, under the AIM Rules, a company may remain suspended for a maximum period of six months. If the Independent Shareholders do not vote in favour of the Proposals then, pursuant to Rule 14 of the AIM Rules for Companies, admission of the Company's Existing Ordinary Shares will be cancelled at 7.00 a.m. on 8 March 2019 and the Directors will consider alternative options for the Company.**

### **24. Recommendation**

**The Existing Directors, consider that the Proposals are in the best interests of the Company and its Shareholders as a whole and accordingly, Shareholders are reminded that Resolutions numbered 2 to 17 (inclusive) are conditional on the passing of Resolutions 1, 2 and 3. The Existing Directors unanimously recommend that all Shareholders vote in favour of the Resolutions numbered 2 to 17, as they intend to do, or procure, in respect of their own legal and/or beneficial shareholdings, which comprise a total of 11,830,835 Existing Ordinary Shares, representing approximately 10.02 per cent. of the Existing Issued Share Capital.**

**The Existing Directors, having been so advised by WH Ireland, consider the Proposals to be fair and reasonable and in the best interests of Independent Shareholders and the Company as a whole and accordingly recommend that Independent Shareholders vote in favour of Resolution 1.**

Yours faithfully

**Nigel Burton**

Chairman, for and on behalf of the Board

*Polemos plc*

## **PART II**

### **INFORMATION ON DIGITALBOX**

#### **1. Introduction**

Digitalbox is a 'pure-play' digital media business with its roots in emerging publishing technology. The company's operating model has been developed and refined since publishing operations began in December 2015 with the aim of enabling profitable publishing at scale on mobile platforms – a model which has eluded many publishers.

The Proposed Directors believe the successful development of this model makes Digitalbox ideally placed to further benefit from the continued growth of mobile internet in terms of consumer adoption and commercial value.

Digitalbox's strategy is to acquire businesses or assets in the digital media sector that have profit potential, adding value to them through the application of its model.

#### **2. History of Digitalbox**

DBP was formed on 9 December 2015. At the time it was a subsidiary of Digitalbox Group Limited, now renamed M Capital Ventures. Digitalbox Group Limited was founded in 2013 by serial entrepreneur Martin Higginson to explore digital business opportunities. Digitalbox Group Limited developed a proprietary advertising technology platform "Content Click" that was sold to US content discovery operator Rev Content Inc. Some of the proceeds from this sale were set aside to build a digital media publishing business and DBP was formed for this purpose.

In early 2016, Digitalbox set about expanding its publishing team. In addition to a central marketing/distribution and tech team, ex Future PLC Editorial Director, Jim Douglas, was appointed to lead the content team and ex-Factory Media Director, James Carter, was hired to lead the commercial operation of the business.

The initial stages of development focussed on expanding an arbitrage model that had been established on a variety of the firm's websites alongside Content Click. Traffic was sourced through paid content discovery platforms including Outbrain and Taboola, with monetization through a variety of programmatic advertising partners.

The arbitrage model delivered modest returns in 2016 but these were insufficient to support the editorial investment in place across multiple sites. In addition, it was recognised that an arbitrage model could only deliver short-term profits with little longer-term shareholder value being established.

In August 2016 James Carter became CEO of DBP and set out to deliver a new mobile-first, push media strategy. Informing the strategy was the view that long-term shareholder value could be built by establishing content delivery through the channels where the audience existed in greatest numbers, in particular mobile. Entertainment Daily was chosen as the lead development site, it being the most evolved within the portfolio.

During September 2016, Entertainment Daily started to focus on UK only content to increase its relevance levels with its target audience. This increased engagement within social media, particularly within the Facebook environment, and allowed the brand to quickly grow its follower base.

The first half of 2017 was spent recruiting and servicing more users as the Entertainment Daily's follower base in the UK increased to over 1.2 million and total daily traffic figures approached 400,000.

With a strong level of returning traffic in place, the business used its audience data to improve advertising revenues and increase average revenue per user. Header bidding was introduced to Digitalbox's advertising partners in order to increase competition and the level of advertising fill was increased on the site. This, combined with building a new faster proprietary front-end to the site ("Columbus"), helped increase the session values significantly with December 2017 delivering £450k of revenue and revenue for the full year edging over £2.4 million.

With Entertainment Daily UK enjoying strong growth, Digitalbox launched a US-focused incarnation of the brand via a subsidiary, Digitalbox Publishing Inc., in August 2017. A team was hired on both the east and west coast which began to trial the same tactics that worked in the UK. It soon became apparent that DBP Inc. would need much greater investment than self-funding could provide, to bring the US site to an effective scale. For this reason, Digitalbox decided to cease all activity for the US market from the US in the spring of 2018.

Later a decision was taken to separate some of the remaining activities of MCV and to develop them independently. Therefore DBP was demerged from MCV and a new holding company, DBPH, was established for DBP in December 2017.

With an effective business model in place, in the second quarter of 2018 DBP expanded its central team in order to be ready to expand the business through acquisitions or launches once funding was secured. Various options for funding were considered and an admission to the AIM market was determined to be most suitable given the access it provides to equity capital and the potential it creates to use equity as part of the consideration for any future acquisitions.

### **3. DBPH group structure**

DBPH was registered on the 8 November 2017 in order to become the holding company of Digitalbox Publishing. The demerger of DBP from MCV completed in December 2017.

As at the date of this document, James Carter and Jim Douglas hold 30 per cent. of the issued share capital of DBP. Pursuant to the terms of the DBP Acquisition Agreement, DBPH will acquire such shares from James Carter and Jim Douglas.

The DBP Acquisition Agreement will complete immediately prior to the DB Acquisition Agreement and, as such, DBPH will hold 100 per cent. of the issued share capital of DBP.

### **4. Entertainment Daily**

Entertainment Daily (also known as ED) is a digital media platform that focuses its content on TV, showbiz and celebrity news. Its audience is a broad demographic of 25 to 54 year old women who wish to be well informed within this content area. Visitors to the website are served a variety of advertising and (most recently) e-commerce formats which form the core income stream.

Editorial output, typically 25 to 30 articles per day (depending on news-flow), is fast-paced, snackable news which encourages readers to make multiple visits each month to the website. For the year ended 31 December 2018 readers averaged over six visits per month. The content is created by a core editorial team based in Digitalbox's head office in Bath with freelance resource in London, Bristol and Manchester.

Traffic is sourced through a variety of sources including Google and Facebook, via users either searching for related information through the search engine or by ED pushing news stories to its audience via social media feeds. With Google or Facebook as a source, users click on the relevant piece of content which then takes them to ED's website.

ED is able to scale without significant impact on staff resources and for the year ended 31 December 2018 averaged over 13 million monthly sessions and generated an average revenue of £77 per one thousand users from an average of two million monthly unique users. As at 31 December 2018 ED had 2.5 million followers on Facebook.

#### ***ED's market***

ED operates within the entertainment news market in the UK. The TV, showbiz, celebrity news market in the UK has huge appeal. It is fuelled by large production houses and media networks who are each seeking to increase their share of the audience consuming their content. Almost every channel, show, actor, celebrity or movie will benefit at the right time from increasing their profile through editorial coverage, which means there is a seemingly limitless amount of material available.

The UK's multi-billion entertainment and media industry is set to grow in the coming years, making it one of the largest markets in Europe, according to research published by PwC. The entertainment and media

sector will be worth £76 billion by 2021, up from an expected £68 billion in 2018. Internet advertising spend is expected to grow from £10.5 billion to £14.3 billion by 2022 (Source: PwC).

### **ED's competition**

ED has competitors across the media landscape. Traditional media serves the content vertically through printed publications including Heat, Closer, Now and Inside Soap magazines and local, regional and national newspapers. The magazine propositions have not generally made a transition to digital that the Proposed Directors consider competitive to ED whilst the national newspaper brands have delivered larger scale audiences online. There are straight digital propositions that are also considered to be more competitive than the traditional magazine publishers.

All of ED's key online newspaper competitors deliver content across a broad news agenda to both men and women. Without a loyal audience and content focus, this approach makes it more challenging in social media to deliver the higher levels of engagement that will help the algorithms benefit their brands.

Mail Online: Its global site has an enormous audience of 80 million unique users each month and its showbiz celebrity TV news section delivers a monthly unique user base of c.7 million UK adults. The content is pitched to a male and female audience.

The Sun Online: Around 30 million unique users view the Sun online each month according to the Publishers Audience Measurement Company. The content is pitched to a male and female audience.

The Mirror Online: Around 16 million unique users view the Mirror online each month according to the Publishers Audience Measurement Company. The content is pitched to a male and female audience.

Digital Spy: This pure digital play has an audience of c.19 million unique users a month with an even male/female split.

## **5. Strategy – buy, transform, enhance**

Digitalbox has proven its model and built a profitable UK business around Entertainment Daily. It is now seeking to expand through the acquisition of targets to which it can apply its model. The Proposed Directors believe the timing is right for this given the rising tide of mobile use and the state of flux of the media market itself.

85 per cent. of UK adults own a smart-phone. The ubiquity of the device combined with improved 4G coverage, free Wi-Fi and twin-screening (users accessing the internet via their phones while also watching TV at home) have driven mobile to become the device of choice with which to access the internet – 75 per cent. of internet usage in the UK now estimated to be via a smart-phone. Advertising spend is now shifting to reflect these consumer trends, with UK mobile ad spend growing 31 per cent. in 2017 to £5 billion and set to grow a further 31 per cent. in 2018. The value of mobile is set to grow further as advertisers unlock the potential of location targeting, augmented reality and rich user data in real-time. Mobile-centric media brands which hold the attention of users these advertisers are trying to reach will benefit from this escalating value.

The Proposed Directors also believe the media market is in a state of flux and there are opportunities to secure websites with significant audience scale attached. Some major traditional publishers are seeking to withdraw from the digital publishing of some of their assets where they have failed to deliver worthwhile returns over a long period of time. Alongside the traditional publishers looking to divest are the first wave internet businesses such as Gizmodo Media Group which is now up for sale. In addition, there are opportunities to target lower-level owner operated businesses where their scale has not yet made them of interest to larger organisations.

Digitalbox viewed four potential targets in 2018 where it believes its model could add significant value. These targets ranged from SEO focused businesses with traffic of 15 million monthly unique users to large digital pure play businesses with 80 million monthly sessions and traditional brands struggling to make a digital transition. Digitalbox is confident that, when equipped with the funding, it could make strong acquisitions and grow.

With each acquisition there are six key areas that Digitalbox will focus on to improve:

1. Mobile Optimisation – Set user experience to maximise mobile-related behaviour;
2. Ad Machine – Implement mobile-first ad stack;
3. Content Analysis – Screening of all content for performance;

4. Tech Upgrade – Application of proprietary front-end ‘Columbus’ to improve site speed;
5. E-Commerce Matching – Defining the essential products for the demographic; and
6. Waste Disposal – Removal of all activity without clear return on investment.

## 6. Financial information

The tables below set out DBP’s and DBP Inc.’s summary audited financial information for the periods indicated, prepared in accordance with IFRS. As these are only summaries, Shareholders are advised to read the whole of this document, including the accounts of DBP and DBP Inc. as set out in Part VI (*Historical financial information on Digitalbox*) and not rely solely on this summarised information.

### DBP:

	<i>13 months ended 31 December 2016 £'000</i>	<i>Year ended 31 December 2017 £'000</i>	<i>Six months ended 30 June 2018 £'000</i>
Revenue	1,908	2,315	1,010
Gross profit	126	1,336	687 <sup>(1)</sup>
<i>Gross margin</i>	7%	58%	45% <sup>(2)</sup>
Operating (loss)/profit	(1,095)	565	173

(1) Is stated after recognition of an exceptional credit of £229,000

(2) Is stated before recognition of an exceptional credit of £229,000

### DBP Inc.:

	<i>Year ended 31 December 2017 £'000</i>	<i>Six months ended 30 June 2018 £'000</i>
Revenue	129	132
Gross profit	68	92
<i>Gross margin</i>	53%	70%
Operating (loss)/profit	(37)	44

## PART III

### RISK FACTORS

**Any investment in the New Ordinary Shares is subject to a number of risks. Prior to concluding any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below.**

**In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Enlarged Group and should be carefully considered, together with all the information contained in this document, prior to making any investment decision in respect of the New Ordinary Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company, and other factors, including, in particular, changes in market and/or economic conditions, or in legal, regulatory or tax requirements.**

**Further, it should be noted that the risks described below are not the only risks faced by the Enlarged Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.**

**If any of following risks relating to the Enlarged Group were to materialise, the Enlarged Group's business, financial condition, results or future operations could be materially and adversely affected. In such circumstances, the market price of the New Ordinary Shares could decline and investors could lose all or part of their investment.**

#### **1. Risks relating to the Acquisitions**

##### **1.1 *Failure to implement the Enlarged Group's strategy***

A failure to implement the Enlarged Group's strategy may have an adverse impact on its business, financial and other conditions, profitability and results of operations. There can be no assurance that the Enlarged Group will be able to maintain and/or grow its financial performance either at historical or anticipated future levels. In addition, the Enlarged Group may seek to enter into transactions or undertake initiatives in furtherance of its business. There are no guarantees that such transactions will complete or that such initiatives will be successful. Failure to complete such transactions or the lack of success of such initiatives could result in the Enlarged Group not being able to implement its growth strategies and initiatives.

##### **1.2 *The Acquisitions may not complete***

Completion of the Acquisitions is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including, amongst other things, the passing of all the Resolutions and each Admission. Similarly, the DB Acquisition will only result in the Company acquiring the entire issued share capital of DBPH if the DBP Acquisition Agreement completes.

There is no guarantee that the conditions will be satisfied (or waived, if applicable), in which case the Acquisitions will not complete. Additionally, under the AIM Rules for Companies, as an investing company, the Company has until 8 March 2019 to make a reverse takeover of a suitable business under AIM Rule 14. As announced on 10 September 2018 the Existing Directors believe that trading in the Company's Ordinary Shares will remain suspended until the Acquisitions complete. In the event that the Acquisitions do not complete, admission of the Company's shares to trading on AIM will remain suspended until 8 March 2019 when the Company's listing on AIM will be cancelled.

##### **1.3 *Limited recourse under the DB Acquisition Agreement***

Under the terms of the DB Acquisition Agreement, the Company is receiving warranties and indemnities in relation to certain matters about the DB Group from the DBPH Warrantors. Given that the consideration under the DB Acquisition Agreement comprises the DB Consideration Shares rather than cash and the financial standing of the DBPH Warrantors may limit the Company's recourse for breaches of warranty and other breaches of the DB Acquisition Agreement which could have a material adverse effect on the financial condition and prospects of the Enlarged Group.

#### 1.4 ***Company's potential liability under the DB Acquisition Agreement***

Under the terms of the DB Acquisition Agreement, the Company has provided limited warranties in relation to certain matters about its business and assets to the DBPH Warrantors. Whilst the Company's financial liability under the DB Acquisition Agreement has been capped, if the DBPH Warrantors were to bring a claim for breach of warranty against the Company, this could have a material adverse effect on the financial condition and prospects of the Enlarged Group.

#### 1.5 ***Impact of any claims under the MP Acquisition Agreement***

Any claims brought by the Company against the MP Sellers under the MP Acquisition Agreement could result in the MP Sellers exiting Mashed Productions which could have a material adverse effect on the financial conditional and prospects of the Enlarged Group.

#### 1.6 ***Impact of any claims under the DB Acquisition Agreement***

The DBPH Warrantors make up half of the Proposed Directors and, as such, if the Company were to bring a claim against them under the DB Acquisition Agreement this could result in a irretrievable breakdown in the relationship between the Existing Directors and the Proposed Directors and have a material adverse effect on the financial condition and prospects of the Enlarged Group. Similarly, a breakdown in relationship between the Directors could arise if the DBPH Warrantors were to bring a claim of breach of warranty against the Company in relation to the warranties given by the Company under the DB Acquisition Agreement which could have a material adverse effect on the financial condition and prospects of the Enlarged Group.

#### 1.7 ***Future performance***

As Digitalbox and MP are expected to be the first acquisitions under the Company's new strategy and Entertainment Daily and the Daily Mash will be the only revenue generating assets within the Enlarged Group immediately following Completion, if the Enlarged Group is unable to maintain historical levels of traffic or advertising performance on Entertainment Daily and the Daily Mash the business' results and cash flows may not be in line with the Company's expectations, which could adversely affect the Enlarged Group's business, financial condition, results or future operations. Furthermore, this could then lead to the write down of any goodwill which arises on the Acquisitions that, whilst not having any cash impact on the Enlarged Group, could also have an adverse effect on the financial condition of the Enlarged Group and the price of its New Ordinary Shares.

#### 1.8 ***The modern internet and media sectors are based on a technology-intensive model where system/network failures can severely impact consumers and adversely affect business performance***

The business sectors in which the Enlarged Group's is looking to invest and operate are technology-intensive and rely on the performance of complex IT systems and processes. The failure of any material part of such systems of processes can cause the failure of service for consumers, leading to loss of revenues, additional operating and capital costs and reduced consumer satisfaction and loyalty. The Enlarged Group's may not be able to repair technical failures quickly or at acceptable cost, leading to such technical failures having a material impact on consumer revenues and the financial results and prospects for the Enlarged Group.

#### 1.9 ***The development of ad-blocking processes may adversely affect the Enlarged Group's potential revenues***

Although the Enlarged Group's investment strategy includes the development of new transactional revenue streams for its websites, advertising is likely to represent the largest source of revenue for some time. The advertising market is facing increased pressure from the rise of online ad-blocking processes and while the Enlarged Group's strategy of focusing on mobile users where ad blocking is less prevalent, these processes could nonetheless impact the visibility, revenues and performance of the Enlarged Group's online advertising deals and active advertising content. These ad-blocking processes include but may not be limited to: (i) browser extensions such as Adblock; (ii) potential changes in browser configuration to include ad-blocking default settings (for example, Google's Chrome browser currently blocks auto-play flash video which may subsequently be extended to other online advertising formats); and (iii) potentially successful lobbying from fixed network and wireless providers.

Ultimately, these processes may impact on the Enlarged Group's ability to generate returns, particularly during the transitional period before new transactional revenue streams are established.

## **2. Risks relating to the Enlarged Group's business**

### **2.1 *The Enlarged Group is in the early stage of delivering its transformation plan in pursuit of its strategic aims***

The success of the Enlarged Group is dependent upon the Enlarged Group achieving its strategic aims. As detailed in paragraph 2 (*Background on the Company and reasons for the Acquisitions*) of Part I (*Letter from the Chairman*), the Directors are focusing on building a UK-based group providing profitable publishing at scale on mobile phones. The achievement of this will be determined by a number of factors, including the availability of suitable acquisition opportunities and the Enlarged Group's access to appropriate sources of capital to fund its growth initiatives.

Whilst the Directors are confident that there are significant growth opportunities for the Enlarged Group, there can be no assurances that suitable acquisition targets will become available, and that the Enlarged Group is able to secure capital on reasonable terms in order to fund its growth initiatives. If either of these circumstances were to occur, it is unlikely that the Enlarged Group will be able to meet its strategic aims, which could adversely affect the Enlarged Group's business, financial condition, results or future operations.

### **2.2 *Digital media***

By its nature, digital media is a rapidly-evolving and challenging trading environment. While the Directors are confident in their abilities to adapt, it is likely that tactical and strategic plans will need to change. It is possible that revenues and margins that are available in one mode of operating may not be available in another. The Directors cannot be expected to accurately predict fundamental changes to the wider digital publishing environment which may impact the Enlarged Group's performance.

In addition, the technology industry as a whole is prone to rapid change with new entrants and ideas continuously changing the market. There is a risk that the Enlarged Group's technology could become obsolete or uncompetitive which could have a material adverse impact on the prospects of the Enlarged Group.

### **2.3 *Facebook traffic sourcing***

For the period until further acquisitions are made, Digitalbox acquires a significant proportion of its traffic from Facebook for Entertainment Daily. The Directors believe the underlying Digitalbox publishing model is robust, and the management team have demonstrated the ability to adapt, but cannot be expected to predict accurately the nature or scale of further changes to algorithms.

### **2.4 *Legal issues***

The Enlarged Group will carry the usual exposures associated with being a digital media provider. While reasonable care will be taken and previous experience on Entertainment Daily and the Daily Mash suggests this risk is comparatively low, the Directors cannot guarantee the Enlarged Group will not face claims (whether legitimate or otherwise) including but not limited to; copyright infringement, libel and invasion of privacy.

### **2.5 *The Enlarged Group's success depends upon its ability to recruit and retain skilled personnel***

The Enlarged Group's success depends upon its ability to attract and recruit, retain and incentivise highly skilled employees across all areas of the business. If the Enlarged Group is unable to retain or successfully attract and recruit key employees across all and any areas of the business, it could delay or prevent the implementation of its strategy, which could adversely affect the Enlarged Group's business, financial condition, results or future operations.

### **2.6 *Reliance on key management***

Digitalbox was founded in 2015 since when its model has been refined by the Digitalbox Directors who will continue to lead the Digitalbox business day-to-day following Admission on new long term

employment contracts with the Enlarged Group. Whilst the business has expanded since inception and currently employs 13 people in addition to Digitalbox Directors and some key technical staff retain a significant amount of technical know-how and commercial relationships which are considered important to the on-going success of Digitalbox.

Similarly, the MP Sellers also retain significant amount of technical know-how and commercial relationships which are considered important to the on-going success of Mashed Productions.

If following the Acquisitions, any of the Digitalbox Directors, Neil Rafferty and certain key technical staff are no longer employed by the Enlarged Group and appropriate succession planning has not been undertaken, Digitalbox's and/or Mashed Production's financial performance may not meet the Company's expectations, which in turn could adversely affect the Enlarged Group's business, financial condition, results or future operations.

## **2.7 *The Enlarged Group will need to compete successfully in a highly competitive market***

The Enlarged Group is at the early stage of its development, operating in a highly fragmented market, with a number of larger competitors which have greater financial, technical and human capital which can be deployed to gain a superior market position, such as traditional periodicals entering the online market. These companies may be able to withstand or respond more swiftly to changes in market conditions, any of which could give them a competitive advantage over the Enlarged Group. As the Enlarged Group's target markets continue to grow, new entrants will be attracted to the opportunities afforded by information security and cyber security sectors, which in turn may increase the number of market participants.

Whilst the Directors believe that the Enlarged Group has the ability to successfully compete in its target markets, there can be no assurances that the Enlarged Group will be able to maintain a competitive position against better resourced competitors or new entrants with superior product or service offerings nor keep innovating and developing its key products sufficiently to compete with new and larger competitors. If the Enlarged Group becomes uncompetitive or fails to develop or innovate to the same level of others, its business, financial condition, results or future operations could be adversely affected.

## **2.8 *The Enlarged Group may not deliver the anticipated value from its investments, acquisitions, or partnerships***

As a core component of its strategic growth plan, the Enlarged Group is seeking to acquire, invest in, or partner with complementary companies from within the broader online media sector. When evaluating corporate development activity, the Directors will assess the potential value any acquisition, investment or partnership may bring to the Enlarged Group. Whilst appropriate due diligence will be undertaken before completing any corporate development activity, there can be no assurances that the Directors are able to deliver the anticipated benefits from the transaction. In addition, any such activity may disrupt the Enlarged Group's underlying operations due to the time and resources required in completing a transaction. If either of these circumstances were to occur, it could adversely affect the Enlarged Group's business, financial condition, results or future operations.

Failure by the Enlarged Group to successfully transfer business operations and to otherwise integrate the operations of any acquired businesses may result in lower revenue, earnings and/or reduced operating efficiency than if the Enlarged Group had not acquired such businesses and lead to a loss of customers from the acquired businesses. Furthermore, even if the Enlarged Group is able to successfully integrate the operations of acquired businesses, the Enlarged Group may not be able to realise the potential cost savings, synergies and revenue enhancements that were anticipated from the integration, either in the amount or within the time frame that the Enlarged Group expects, and the costs of achieving these benefits may be higher than, and the timing may differ from, what was expected.

If the Enlarged Group fails to realise anticipated cost savings, synergies or revenue enhancements from such acquisitions, this could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

## 2.9 ***The Enlarged Group is operating within an environment which is subject to increasing regulation and legislation, including GDPR***

The Enlarged Group will take all reasonable measures to remain GDPR compliant. Policies and an industry standard consent management platform are already in place. However, as GDPR is new legislation it is impossible for the Directors to accurately predict its future impact on the business. As the Group does not currently sell customer data (other than allowing advertising partners to cookie users; covered by the consent management platform), the Directors believe its activities are low risk but like any digital media business it is possible the Enlarged Group may face issues including but not limited to: nuisance subject access requests, data breach, an investigation by the Information Commissioner's Office, a requirement to treat user data differently in the future impacting ability to drive revenues. In any event, the maximum level of fines under the GDPR is set at either: (a) the greater of €10 million and 2 per cent. of worldwide annual turnover for the preceding year or; (b) the greater of €20 million and 4 per cent. of worldwide annual turnover for the preceding financial year.

Beyond GDPR, wider concerns regarding the power of digital giants (including Facebook and Google) may result in future legislation which are outside the Enlarged Group's control.

## 2.10 ***The Enlarged Group may suffer system failures and breaches of security***

As the Enlarged Group provides a pure play digital media service, the successful operation of its business depends upon maintaining the integrity of its computer, communication and information technology systems. The Enlarged Group's information technology systems may be vulnerable to damage, breakdown or interruption from events which are beyond the Enlarged Group's control, such as fire, flood and other natural disasters, power loss or telecommunications or data network failures, improper or negligent operation of the Enlarged Group's systems by employees or unauthorised physical or electronic access and interruptions of internet system integrity generally as a result of cyber-attacks by computer hackers or viruses or other types of security breaches. Further, requisite modifications or upgrades to any information technology systems could result in interruption to the Enlarged Group's business. This could be harmful to the Enlarged Group's business and financial condition.

There can be no guarantee that the Enlarged Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security and any such breach of security could have an adverse effect on the Enlarged Group's business, results of operations and/or financial condition.

## 2.11 ***Reliance on third-party service providers***

Whilst closely monitored, any weakness or failures in the Enlarged Group's internal processes and procedures and other operational areas could materially adversely affect the Enlarged Group's operating results, financial condition and prospects, and could result in reputational damage.

Aspects of the Enlarged Group's business rely upon certain third party service providers. A deterioration or interruption in the performance of these service providers could impair the quality and timing of the Enlarged Group's services. Furthermore, if contracts with any of these service providers are terminated, the Enlarged Group may not find alternative suppliers on equivalent terms or on a timely basis.

Operational risks, through inadequate or failed internal processes, including financial reporting and risk monitoring processes, or from people-related or external events, including the risk of fraud and other criminal acts carried out against the Enlarged Group, are present in the Enlarged Group's business. Any weakness in the systems and processes of third party providers or the Enlarged Group's results or its ability to report adequately such results during the affected period. Furthermore, damage to the Enlarged Group's reputation, including to client confidence, arising from actual or perceived inadequacies, weaknesses or failures in the Enlarged Group's systems or processes could have a significant adverse impact on the Enlarged Group's businesses.

### **3. General risks**

#### **3.1 *Cross-border economic, political, judicial, and administrative***

The Enlarged Group and its current and prospective customers, operate in a number of countries, each of which has its own political, judicial, administrative, taxation and regulatory system that could impact how business is conducted. In addition to a global or local level economic downturn, the Enlarged Group may also be adversely affected by other changes in economic, political, judicial, administrative, taxation or other regulatory or other unforeseen matters, which are largely outside of the Enlarged Group's control.

#### **3.2 *Brexit risk***

On 23 June 2016, the UK held a referendum on its continued membership of the European Union. This resulted in a vote for the UK to exit the European Union. There are significant uncertainties as to the terms of such an exit and the time frame for doing so in the case that a transition period is agreed with other members of the European Union. There are also significant uncertainties as to the current and future fiscal, monetary and regulatory landscape in the UK. There is also uncertainty as to how, when and to what extent the exit will have an impact more generally on the economy of the UK and the growth of various industries, consumer confidence, levels of investor activity and confidence in market performance.

### **4. Risks relating to the Placing and New Ordinary Shares**

#### **4.1 *Transition to publicly quoted company***

One consequence of the Company becoming a publicly quoted company whose shares are admitted to trading on AIM is that certain changes in operations or controls will be required. In addition, an increased awareness is needed of the requirements of being a publicly quoted company and a requirement to ensure that management and staff satisfy a number of new obligations, including those associated with the AIM Rules for Companies, disclosure and financial reporting requirements and enhanced corporate governance. While the Board has made and will continue to make every effort to successfully manage the transition, there can be no assurance that the Enlarged Group will be able to successfully manage the transition, and failure to do so could have a material adverse effect on the Enlarged Group's business, financial condition and/or operating or financial results.

#### **4.2 *A liquid market for the New Ordinary Shares may fail to develop and trading in the New Ordinary Shares may be volatile***

Following Admission, the price at which the New Ordinary Shares will be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, which could include, but are not limited to, the performance of both the Enlarged Group's and its competitors' businesses, variations in the operating results of the Enlarged Group, large purchases or sales of New Ordinary Shares, legislative changes and general economic, political and regulatory conditions. Prospective investors should be aware that the value of an investment in the Company might go down as well as up. Investors may therefore realise less than, or lose all of, their investment.

Publicly traded companies share prices, including those traded on AIM, can be highly volatile. Further, the volume of shares traded on AIM can be limited and this may restrict the ability of Shareholders to dispose of New Ordinary Shares in the future. In addition, as the AIM Rules for Companies are less demanding than those of the Official List of the UKLA, an investment in shares quoted on AIM carry a higher risk than those quoted on the Official List of the UKLA. In addition, investments in AIM companies typically attract a higher proportion of non-institutional investors who may be more likely to react to market rumour and news reports relating to the Company and/or the market in which it operates, resulting in the potential sale of their New Ordinary Shares which could result in a wider fluctuation in the trading price of the New Ordinary Shares.

If the stock market in general experiences loss of investor confidence, the trading price of the New Ordinary Shares could decline for reasons unrelated to the Company's business, financial condition or operating results. The trading price of the New Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Company. Each of these factors, among others, could affect the value of the New Ordinary Shares.

4.3 ***The market price of the New Ordinary Shares could be negatively impacted by sales of substantial amounts of New Ordinary Shares, particularly following expiry of the lock-in period***

Pursuant to the Lock-in Deed, the Placing Agreement and the MP Acquisition Agreement, the Locked-in Persons, the Directors and Neil Rafferty, have agreed to certain restrictions on the sale of New Ordinary Shares. After the expiration of relevant lock-in periods, however, the Locked-in Persons, the Directors and Neil Rafferty will be free to sell New Ordinary Shares, subject to an orderly market period as described in paragraphs 12.1.8 (*Lock-in Deed*), 12.1.7 (*Placing Agreement*) and 12.1.2 (*MP Acquisition Agreement*) of Part XI (*Additional Information*). In addition, there are no lock-in arrangements relating to the balance of the Enlarged Share Capital and such Shareholders are free to sell their New Ordinary Shares at any time. Sales of a substantial number of New Ordinary Shares by Shareholders, particularly after the expiration of the period during which these restrictions apply, or the knowledge that they will, or the perception that these sales may occur, could depress the market price of the New Ordinary Shares and could impair the Company's ability to raise capital through the sale of additional equity securities.

4.4 ***Impact of research on share price***

If securities or industry analysts do not publish research or publish unfavourable or inaccurate research about the business, the Company's share price and trading volume of the New Ordinary Shares could decline.

The trading market for the New Ordinary Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business. The Directors may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of the Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the New Ordinary Shares could be negatively impacted. In the event that the Company obtains securities or industry analyst coverage, if one or more of the analysts who cover the Company downgrade the New Ordinary Shares or publish inaccurate or unfavourable research about the Enlarged Group's business, the share price would be likely to decline.

If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the New Ordinary Shares could decrease, which might cause the share price and trading volume to decline.

4.5 ***Conditionality of the Placing***

The Placing is conditional upon, among other things, First Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, not waived, First Admission, and therefore the Placing, will not occur.

4.6 ***Valuation of New Ordinary Shares***

The Placing Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the New Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

4.7 ***Concert Party influence***

On Second Admission, the Concert Party will hold 33.55 per cent. of the New Ordinary Shares in issue. Investors may negatively perceive this level and concentration of share ownership due to the influence that the Concert Party may resultantly exert, which may adversely affect the market value of the New Ordinary Shares.

**4.8 *The Company will require additional capital in order to support its growth strategy which may not be available and, in the event of additional equity capital, will result in dilution to Shareholders***

The Enlarged Group's growth plans will require funding which may not be able to be met through internally generated funds. In the event that additional capital is required, the Company will need to raise extra capital from equity or debt providers. There is no certainty that at the point the Company decides to raise capital, the prevailing market conditions at the time will enable the Company to raise finance on acceptable terms or at all, which could impact the Enlarged Group's ability to continue certain strategic initiatives, including organic and acquisitive growth. Where additional finance is raised through the issuance of new equity or equity-linked securities, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for New Ordinary Shares at the proposed price.

**4.9 *The Company does not anticipate payment of dividends in the near to medium term***

As stated in paragraph 19 (*Dividend policy*) of Part I (*Letter from the Chairman*), it is not the intention of the Directors to declare and pay any dividends in the near to medium term. The Company currently intends to retain all of its future earnings to finance the growth and development of the Enlarged Group's business and focus on capital growth for Shareholders. The declaration and payment of dividends (including special dividends) is restricted under English law and a company can only pay cash dividends if it has sufficient distributable reserves available to do so. The Company will not pay dividends to the extent it will not be lawful to do so, and the Directors will determine whether any dividends should be declared or paid in the future based on a variety of factors, including the results of operations, financial condition, cash requirements and future prospects of the Enlarged Group, as well as other factors deemed by Directors to be relevant at the time. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends.

**4.10 *The Company cannot guarantee that the New Ordinary Shares will continue to be traded on AIM***

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

**4.11 *Market perception***

Market perception of the Enlarged Group may change, potentially affecting the value of investors' holdings and the ability of the Enlarged Group to raise further funds by the issue of further New Ordinary Shares or otherwise.

**4.12 *Suitability***

Prospective investors should inform themselves as to: (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the New Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the New Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the New Ordinary Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. Statements made in this document are based on the law and practice currently in force in the UK and are subject to change. This document should be read in its entirety.

**4.13 *Shareholders in the United States and other jurisdictions may not be able to participate in future equity offerings***

The New Articles provide for pre-emption rights to be granted to shareholders in the Company, unless such rights are disapplied by a shareholder resolution. However, securities laws of certain jurisdictions

may restrict the Enlarged Group's ability to allow participation by shareholders in future offerings. In particular, shareholders in the United States may not be entitled to exercise these rights, unless either the New Ordinary Shares and any other securities that are offered and sold are registered under the United States Securities Act of 1933, or the New Ordinary Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable US or other shareholders to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption.

#### 4.14 ***Overseas shareholders may be subject to exchange rate risk***

The New Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in pounds sterling. An investment in New Ordinary Shares by an investor whose principal currency is not pounds sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of pounds sterling in relation to such foreign currency will reduce the value of the investment in the New Ordinary Shares or any dividends in foreign currency terms.

#### 4.15 ***Taxation***

The attention of potential investors is drawn to Part IX (*Taxation*). Any change in the Enlarged Group's tax status or the tax applicable to holding New Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, its ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning taxation of the Enlarged Group and its investors are based on current tax law and practice, which is subject to change.

Investors should therefore consider carefully whether investment in the Company is suitable for them, in light of the risk factors outlined, their personal circumstances and the financial resources available to them.

#### 4.16 ***Forward looking statements***

Certain statements contained in this Document are forward-looking statements and are based on current expectations, estimates and projections about the potential returns of the Group and industry and markets in which the Enlarged Group operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "may", "should", "will", "intends", "plans", "believes", "targets", "seeks", "estimates", "aims", "projects", "pipeline" and variation of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are not guarantees of future performance and the Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in this document. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

Such forward-looking statements are based on numerous assumptions regarding the Enlarged Group's present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law, the AIM Rules for Companies or any appropriate regulatory authority.

**The specific and general risk factors detailed above do not include those risks associated with the Enlarged Group which are unknown to the Directors.**

**Although the Directors will seek to minimise the impact of the risk factors, investment in the Enlarged Group should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult an investment adviser authorised under FSMA who specialises in investments of this nature before making any decision to invest.**

## PART IV

### DIRECTORS

#### 1. Directors

The Enlarged Group Board will comprise three Executive Directors and three Non-Executive Directors. The following table lists the full names, positions and ages of the proposed Board on First Admission:

<i>Name and position</i>	<i>Age</i>
Sir Robert (“Robin”) William Miller ( <i>Non-Executive Chairman</i> )	78
James Alexander Carter ( <i>Chief Executive Officer</i> )	53
James “Jim” Douglas ( <i>Chief Operating Officer</i> )	49
David Joseph ( <i>Chief Financial Officer</i> )	53
Nigel Burton ( <i>Non-Executive Director</i> )	60
Martin James Higginson ( <i>Non-Executive Director</i> )	55

The business address of each Director with effect from First Admission will be Ground Floor, 2-4 Henry Street, Bath BA1 1JT.

#### 1.1 *The Existing Directors of the Company are as follows:*

##### **Dr. Nigel Burton – Chairman**

Nigel has over 25 years’ experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales. Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the managing director responsible for the energy and utilities industries, Nigel spent 15 years as chief financial officer of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG, and Granby Oil and Gas plc, followed by three years as Chief Executive Officer of Nu-Oil and Gas plc. Nigel is currently non-executive chairman of AIM listed Remote Monitored Systems plc.

##### **Mr. John Treacy – Non-Executive Director**

John is a London-based experienced small cap financier who specialises in working with growing companies. He qualified as a solicitor in the London office of a major international law firm where he specialised in capital markets and mergers and acquisitions. From there he moved to practice corporate finance in the advisory teams of several prominent UK brokerages where he acted as an adviser to a number of AIM companies and advised on numerous IPOs, acquisitions, debt restructurings and placings.

John will resign as a Director and company secretary with effect from, and subject to, First Admission.

#### 1.2 *The Proposed Directors are as follows:*

##### **James Carter – Chief Executive Officer**

James joined Digitalbox in 2016 and is responsible for the strategy, direction and day-to-day running of the business. He has a proven track record in building value in the media industry, within both public and private companies. As part of the founding executive team at Factory Media, he raised £3.5 million from VCT Acuity in 2006 and drove the business to achieve a significant exit to Forward Internet Group in 2013. Prior to the creation of Factory Media, James was new product development director at Dennis Publishing and publishing director at EMAP plc where he had responsibility for the magazine, FHM. FHM grew from a fledgling fashion focused magazine to a global network of 32 editions and had a value at its peak of over £250 million.

##### **Jim Douglas – Chief Operating Officer**

Jim runs the editorial operation at Digitalbox and has previously held strategic and profit responsibility for successful media brands in sectors including film, music, games, sport and automotive. He has led creative teams in both UK and US. He started his career at EMAP plc as a journalist and in the early 90s he joined start-up business Future Publishing, which eventually became and remains a listed

company. At Future Publishing, Jim held the position of editorial director for 10 years with ultimate responsibility for product development. During this time Future Publishing was named UK Digital Publisher of the Year five times.

### **Martin Higginson – Non-Executive Director**

Martin is a seasoned technology, media and telecoms entrepreneur. He has set up, sold and listed multiple businesses. His first business, a BMX magazine, was sold to IPC Magazines in 1982. Following three years with IPC he left to set up his own publishing and telecoms business Megafone. This was subsequently sold to Scottish Power plc. During his time with Scottish Power he joined its subsidiary, Scottish Telecom, as managing director of the Internet and Interactive division, including Internet ISP Demon Internet. Following the flotation of Thus plc (formerly Scottish Telecom) Martin moved on to establish Monsternob Group Plc which listed on AIM in 2003. Over a three year period it grew to become a top 50 AIM listed business with a market capitalisation of £192 million. This business was sold to Zed Worldwide in late 2006. Martin has subsequently founded a range of businesses including Cityblock plc, a luxury student accommodation business which was privatised and sold to management in 2009; NetPlayTV plc, an interactive TV gaming business which boasted exclusive partnerships with Virgin Media, Channel Five, and ITV; Martin has also held non-executive director positions with Legend plc and Cupid plc. Martin is currently chief executive officer of Immotion Group plc, a UK-based immersive virtual reality entertainment business which floated on AIM in July 2018.

### **David Joseph – Chief Financial Officer and Company Secretary**

David is a law graduate and chartered accountant, starting his career and qualifying with Price Waterhouse, moving into industry in steel stockholding (ASD plc) then into FMCG (Unilever plc) before entering the media industry in 1995 when he joined Emap plc. Here he occupied several senior financial roles within its operating companies, including chief financial officer of Emap Metro, the men's and music publications business, and Emap Advertising, the then central cross platform advertising sale business. On leaving in 2001 David has since worked exclusively within the media industry on many projects including start up, MBI, MBO, turnaround, distressed and buy and build across a wide spectrum of enterprise values (£1 million to £50 million) and funding structures, internationally, both in the Far East and in the USA.

### **Sir Robin Miller – Non-Executive Chairman**

Robin has extensive public company experience spanning over 30 years, particularly in the media sector. He was formerly chief executive (1985-1998 and 2001-2003) and chairman (1998-2001) of Emap plc, a leading international media group in consumer and trade publishing, commercial radio, music TV channels and events. Robin is currently non-executive chairman of Edge VCT, social video company Brave Bison PLC and virtual reality entertainment business Immotion plc. Additionally he holds the role of non-executive director of Premier Sports Holdings Plc, Gemini Network Media Ltd, Crash Media Group Ltd, M Capital Ventures Limited, Gruppo Media Ltd, Bikesportnews.com and a Trustee of the Golf Foundation.

## **2. Corporate governance and internal controls**

The Directors recognise the importance of sound corporate governance and the Enlarged Group will adopt the QCA Code, as published by the Quoted Companies Alliance. The Directors note that with effect from 28 September 2018, all AIM companies must provide details on their website of the recognised code that the company has decided to apply, how it complies with that code and where it departs from this, an explanation of the reasons for doing so.

From First Admission, the Enlarged Group's website at [www.digitalbox.com](http://www.digitalbox.com) will set out the extent of any non-compliance with the QCA Code by the Enlarged Group on First Admission.

On First Admission, it is anticipated that the Enlarged Group will not comply with certain of the Principles set out in the QCA Code on the basis that its annual report and financial statements for the year ended 31 December 2017 did not contain all of the requirements for a listed company.

Particular areas of non-compliance, all of which are intended to be remedied post-First Admission (whether via a publication of a statement on the website of the Enlarged Group or to be set out in the Company's annual report and financial statements for the year ended 31 December 2018 ("2018 Report"), are as follows:

- Principles 4 and 5 – whilst the 2017 Report set out how the Board manages all areas of risk and uncertainties that the Company faces, it does not contain a risk register. All risks currently associated with the Company and the Enlarged Group are set out at Part III (*Risk Factors*). Once constituted, the Risk Committee will create and maintain a risk register post-Admission.
- Principle 5 – the 2017 Report does not specify the time commitment of the Directors nor whether they are independent. Such details, in relation to the Enlarged Group, are set out below in this Part IV and will also be set out in the 2018 Report.
- Principle 7 – the 2017 Report does not set out the performance evaluation criteria for the Board or any details as to the evaluation process or frequency of such evaluations on the basis that the Company did not trade and there was no meaningful performance to evaluate until an acquisition target had been identified. A high-level review of Board performance will be contained in the 2018 Report together with a detailed description set out on the Enlarged Group’s website post-Admission.
- Principle 8 – the 2017 Report does not set out how the Directors ensure that their skills are kept up to date. This will be set out in the 2018 Reports together with a detailed description set out on the Enlarged Group’s website post-Admission.
- Principle 8 – the 2017 Report does not specify the Company’s culture. The 2018 Report will include a statement by the Chairman as to how the culture of the Enlarged Group is consistent with its objectives. The Enlarged Group’s culture and values will be disclosed on the website of the Enlarged Group post-Admission.
- Principle 10 – the 2017 Report does not include an audit committee report or remuneration committee report on the basis that the Company was a non-trading AIM Rule 8 investment company during the period of such report. The Audit Committee and Remuneration Committee will be constituted with effect from Admission and reports from each of these Committees will be contained in the 2018 Report.

Details of the Enlarged Group’s purpose, business model and strategy are set out in paragraph 14 (*Future Strategy of the Enlarged Group*) of Part I (*Letter from the Chairman*) and Part II (*Information on Digitalbox*). Key challenges in the execution of the business model and strategy are set out in Part III (*Risk Factors*).

The Board will be responsible for the management of the business of the Enlarged Group, setting the strategic direction of the Enlarged Group and establishing the policies of the Enlarged Group. It will be the Board’s responsibility to oversee the financial position of the Enlarged Group and monitor the business and affairs of the Enlarged Group on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Board will be to act in the best interests of the Enlarged Group at all times. The Board will also address issues relating to internal control and the Enlarged Group’s approach to risk management.

The Enlarged Group will hold board meetings monthly and whenever issues arise which require the urgent attention of the Board. The Board believes that, following Admission, it will have an appropriate balance of sector, financial and public markets skills and experience, an appropriate balance of personal qualities and capabilities and an appropriate balance between executive and non-executive directors. Sir Robin Miller and Nigel Burton are deemed to be independent non-executive directors under the QCA Code. The non-executive directors will be expected to devote at least two days per month to the affairs of the Company and such additional time as may be necessary to fulfil their roles. Brief biographical details of each of the Existing Directors and the Proposed Directors are set out in paragraphs 1.1 and 1.2 above.

The Enlarged Group will seek to engage with Shareholders to understand the needs and expectations of all elements of the Company’s Shareholder base. The Board believes that its stakeholders (other than Shareholders) are its employees, the operators of programmatic advertising exchanges and brands and other customers requiring advertising. In order to understand their needs, interests and expectations the Enlarged Group will work directly and closely with these stakeholders. The Board will regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors and will monitor and promote a healthy corporate culture. The Enlarged Group has adopted and operates a share dealing code governing the share dealings of the directors of the Company and applicable employees with a view to ensuring compliance with the AIM Rules.

The Enlarged Group will have five committees, the Audit, the Remuneration, the Nomination, the Disclosure and Risk committees, each with written terms of reference.

### **3. Board committees**

#### ***Audit Committee***

The Audit Committee's principal functions include ensuring that the appropriate accounting systems and financial controls are in place, monitoring the integrity of the financial statements of the Enlarged Group, reviewing the effectiveness of the Enlarged Group's accounting and internal control systems, reviewing reports from the Enlarged Group's auditors relating to the Enlarged Group's accounting and internal controls, and reviewing the interim and annual results and reports to Shareholders, in all cases having due regard to the interests of Shareholders. The Audit Committee will meet at least three times a year, with regard to the reporting and audit cycle. Nigel Burton, who has recent and relevant financial experience through his role as chief financial officer of other UK listed companies will act as chairman. Martin Higginson and Sir Robin Miller will be the other members of the Audit Committee.

#### ***Remuneration Committee***

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration packages for each of the Executive Directors. The Remuneration Committee considers all aspects of the Executive Directors' remuneration, including pensions, bonus arrangements, benefits, incentive payments and share option awards, and the policy for, and scope of any termination payments. The remuneration of the Non-Executive Directors is a matter for the Board. The Remuneration Committee will meet at least twice a year (and at such other times as may be deemed necessary) and generates an annual remuneration report to be approved by the members of the Company at the annual general meeting. No Director may be involved in discussions relating to their own remuneration. On First Admission, Nigel Burton will act as chairman of the Remuneration Committee and Sir Robin Miller and Martin Higginson will be the other members of the Remuneration Committee.

#### ***Nomination Committee***

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure the Board operates effectively. The Nomination Committee is expected to meet when necessary to do so. The Nomination Committee also identifies and nominates suitable candidates to join the Board when vacancies arise and makes recommendations to the Board for the re-appointment of any Non-Executive Directors. On First Admission, Sir Robin Miller will act as chairman of the Nomination Committee and Nigel Burton and Martin Higginson will be the other members of the Nomination Committee.

#### ***Disclosure Committee***

The Disclosure Committee is responsible for ensuring compliance with the AIM Rules and MAR concerning disclosure of inside information and will work closely with the Board to ensure that the Company's nominated adviser is provided with any information it reasonably request or requires in order for it to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisers. The Disclosure Committee will meet as required. On First Admission, Sir Robin Miller will act as Chairman of the Disclosure Committee. Nigel Burton and Martin Higginson will be the other members of the Disclosure Committee.

#### ***Risk Committee***

The Risk Committee will meet twice per annum and its membership will be constituted with members of the Audit Committee and David Joseph. It will examine the key risks – operational, legal, financial and regulatory that impact the Enlarged Group and assess the adequacy of the Enlarged Group's mitigation strategies. It will have the power to call on executive Board members and senior management for the purposes of seeking information as well as making recommendations.

## PART V

### HISTORICAL FINANCIAL INFORMATION ON THE COMPANY

The Company has published its annual report and accounts for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 (the “**Accounts**”). Pursuant to Rule 26 of the AIM Rules for Companies, the Accounts are available free of charge from the Company’s website at [www.polemos.co.uk](http://www.polemos.co.uk) and also from the offices of WH Ireland, 24 Martin Lane, London EC4R 0DR up to and including the date of First Admission and therefore have not been reproduced in this document, instead being incorporated by reference.

The Accounts were prepared in accordance with IFRS and include, on the pages specified below, the following information:

<i>Information incorporated by reference into this document</i>	<i>Page number in reference document</i>
<b>Annual Report and Financial Statements for the year ended 31 December 2015</b>	
Independent auditors’ report	12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statements of cash flows	16
Notes to the accounts	17
<b>Annual Report and Financial Statements for the year ended 31 December 2016</b>	
Independent auditors’ report	12
Statement of comprehensive income	13
Statement of financial position	14
Statement of changes in equity	15
Statement of cash flows	16
Notes to the accounts	17
<b>Annual Report and Financial Statements for the year ended 31 December 2017</b>	
Independent auditors’ report	15
Statement of comprehensive income	18
Statement of financial position	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the accounts	22

The Company announced its unaudited half year results for the six months ended 30 June 2016 on 28 September 2016 and for the six months ended 30 June 2017 on 22 September 2017. Pursuant to Rule 26 of the AIM Rules for Companies these results are available to view and download from [www.polemos.co.uk](http://www.polemos.co.uk) and therefore have not been reproduced in this document, instead being incorporated by reference in accordance with Rule 28 of the AIM Rules for Companies.

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company at its registered office, 2 Chapel Court, Borough High Street, London, SE1 1HH or by emailing [info@polemos.co.uk](mailto:info@polemos.co.uk). Such copy will be provided to the requester within seven days. A hard copy of the information incorporated by reference will not be sent to Shareholders of other recipients of this document unless required.

## PART VI

### HISTORICAL FINANCIAL INFORMATION ON DIGITALBOX

#### SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF DIGITALBOX PUBLISHING LIMITED

The Existing Directors and Proposed Directors  
Polemos plc  
2 Chapel Court  
Borough High Street  
London  
SE1 1HH

WH Ireland Limited  
24 Martin Lane  
London  
EC4R 0DR

8 February 2019

Dear Sirs

#### **Digitalbox Publishing Limited**

We report on the historical financial information of Digitalbox Publishing Limited set out in Part VI of the AIM admission document of Polemos plc dated 7 February (the "Admission Document") for the periods ended 30 June 2018, 31 December 2017 and 31 December 2016 (the "Financial Information"). The Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 1 to the financial statements. This report is required by the AIM Rules for Companies and is given for the purpose of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

#### **Responsibility**

The directors of the company are responsible for preparing the Financial Information on the basis of preparation set out in Note 1 to the Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

#### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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 sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion the Financial Information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of the company as at 30 June 2018, 31 December 2017 and 31 December 2016 and of the profits, losses, cash flows and changes in shareholders' equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

### **Haysmacintyre**

Chartered accountants  
10 Queen Street Place  
London  
EC4R 1AG

## Income Statement

		<i>Six months ended 30 June 2018</i>	<i>Year ended 31 December 2017</i>	<i>13 months ended 31 December 2016</i>
	<i>Notes</i>	£	£	£
Revenue	3	1,009,815	2,315,480	1,908,480
Cost of sales		(551,254)	(979,721)	(1,782,145)
Exceptional line items	5	228,656	–	–
<b>Gross profit</b>		687,217	1,335,759	126,335
Administrative expenses		(515,217)	(773,071)	(1,221,362)
Other operating income		543	2,427	–
<b>Operating profit/(loss)</b>	4	172,543	565,115	(1,095,027)
Finance income		–	806	–
Finance costs	8	(34,253)	(57,862)	(3)
<b>Profit/(loss) before tax</b>		138,290	508,059	(1,095,030)
Tax on profit/(loss)	9	57,500	(155)	–
<b>Profit/(loss) for the financial year</b>		<u>195,790</u>	<u>507,904</u>	<u>(1,095,030)</u>

The results reflected above relate solely to continuing activities.

There were no other recognised gains and losses for 2016, 2017 and 2018.

## Statement of Financial Position

		At 30 June 2018 £	At 31 December 2017 £	At 31 December 2016 £
	<i>Notes</i>			
<b>Non-current assets</b>				
Intangible assets	10	51,535	67,016	68,749
Property, plant and equipment	12	13,878	9,945	6,900
Deferred tax asset	17	57,500	–	–
		<u>122,913</u>	<u>76,961</u>	<u>75,649</u>
<b>Current assets</b>				
Receivables	13	955,471	1,452,367	407,800
Cash at bank and in hand	14	230,419	145,989	144,745
		<u>1,185,890</u>	<u>1,598,356</u>	<u>552,545</u>
<b>Total assets</b>		<u>1,308,803</u>	<u>1,675,317</u>	<u>628,194</u>
<b>Current liabilities</b>				
Payables due within one year	15	(519,044)	(1,081,348)	(1,723,124)
Current tax liabilities	9	(155)	(155)	–
		<u>(519,199)</u>	<u>(1,081,503)</u>	<u>(1,723,124)</u>
<b>Net current assets/(liabilities)</b>		<u>666,691</u>	<u>516,853</u>	<u>(1,170,579)</u>
<b>Net assets/(liabilities)</b>		<u>789,604</u>	<u>593,814</u>	<u>(1,094,930)</u>
<b>Shareholders' equity</b>				
Share capital	16	146	146	100
Share premium	21	1,180,794	1,180,794	–
Retained earnings	21	(391,336)	(587,126)	(1,095,030)
<b>Total equity</b>		<u>789,604</u>	<u>593,814</u>	<u>(1,094,930)</u>

## Statement of Changes in Equity

	<i>Share capital</i> £	<i>Share premium account</i> £	<i>Retained earnings</i> £	<i>Total</i> £
<b>As at 9 December 2015</b>	–	–	–	–
Shares issued	100	–	–	100
Loss for the period	–	–	(1,095,030)	(1,095,030)
<b>As at 31 December 2016</b>	100	–	(1,095,030)	(1,094,930)
Shares issued	46	1,180,794	–	1,180,840
Profit for the year	–	–	507,904	507,904
<b>As at 31 December 2017</b>	146	1,180,794	(587,126)	593,814
Profit for the period	–	–	195,790	195,790
<b>As at 30 June 2018</b>	146	1,180,794	(391,336)	789,604

## Cash Flow Statement

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Cash flows from operating activities</b>			
Profit/(loss) after taxation	195,790	507,904	(1,095,030)
<i>Adjustments for:</i>			
Taxation (credited)/charged	(57,500)	155	–
Finance costs	34,253	57,862	3
Finance income	–	(806)	–
Loss on disposal of property, plant and equipment	–	30	–
Amortisation	15,837	2,575	25,244
Depreciation	1,561	2,954	2,298
<b>Operating cash flows before working capital changes</b>	189,941	570,674	(1,067,485)
Decrease/(increase) in trade and other receivables	496,896	(874,567)	(407,800)
(Decrease)/increase in trade and other payables	(423,641)	(132,726)	1,723,124
<b>Net cash flow from/(used in) operating activities</b>	263,196	(436,619)	247,839
<b>Investing activities</b>			
Purchase of property, plant and equipment	(5,494)	(6,180)	(9,198)
Proceeds on disposal of property, plant and equipment	–	151	–
Purchase of intangible assets	(356)	(842)	(93,993)
Interest received	–	806	–
<b>Net cash flows used in investing activities</b>	(5,850)	(6,065)	(103,191)
<b>Financing activities</b>			
Proceeds from issue of share capital	–	–	100
Loan from related party	–	501,790	–
Repayment of borrowings	(138,663)	–	–
Interest paid	(34,253)	(57,862)	(3)
<b>Net cash generated (used in)/from financing activities</b>	(172,916)	443,928	97
<b>Net increase in cash and cash equivalents</b>	84,430	1,244	144,745
Cash and cash equivalents at beginning of year	145,989	144,745	–
<b>Cash and cash equivalents at end of year</b>	230,419	145,989	144,745

## **NOTES TO THE FINANCIAL INFORMATION**

### **General information**

Digitalbox Publishing Limited is a private company limited by shares incorporated in England and Wales. The principal activity of the company is to produce and publish online content which generates revenue from the sale of advertising space in and around this content. The registered office of the company is 2-4, Henry Street, Bath, England, BA1 1JT. The registered company number is 09909897.

### **1. Principal accounting policies**

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The company has adopted IFRS for the first time in this historical financial information. The historical financial information is based on the annual statutory accounts which have been lodged with the Registrar of Companies. The most recently previously published financial statements for the periods ended 30 June 2018, 31 December 2017 and 31 December 2016, were prepared using FRS102. The statutory accounts for the periods ended 30 June 2018, 31 December 2017 and 31 December 2016 were audited by Moore & Smalley LLP.

IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results have not differed from such estimates.

The historical financial information is presented in pounds sterling (£) which is the functional currency of the company.

The historical financial information has been prepared under the historical cost convention.

### **Going concern**

The Directors have reviewed the working capital requirements of the business for the next 24 months. They are confident that based on funding commitments received from various sources including the Placing and the MCV Subscription, the Company will have sufficient working capital to meet its obligations as they fall due for the foreseeable future. Therefore the historical financial information has been prepared on a going concern basis.

### **Revenue**

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

### **Intangible assets**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Domain names 3 years straight line

Amortisation is charged through administrative expenses.

### **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:

Office equipment	25 per cent. reducing balance
Office furniture	25 per cent. straight line

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 the profit or loss.

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

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

### ***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 receivables 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 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 payables, loans and loans from fellow group companies, 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.

Trade payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### ***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.

### **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.

### **Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

### **Retirement benefits**

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

### **Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Income Statement for the period.

### **Equity**

Ordinary shares are classified as equity. There are two classes of ordinary shares, A and B which have the same nominal value of £1 and rank *pari passu* with one another.

Share premium is the amount subscribed for share capital in excess of nominal value.

Retained earnings are the cumulative net gains and losses recognised in the Income Statement.

### **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the directors, who are responsible for allocating resources and assessing performance of the operating segments.

### **New and revised IFRSs in issue but not yet effective**

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the company's accounting period beginning after 1 January 2018 have been published but are not yet effective, and have not been adopted early by the company. These are listed below:

- IFRS 16 leases, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 completes the IASB's project to improve the financial reporting of leases

and replaces the previous leases standard, IAS 17 Leases, and related interpretations. The impact of this standard is expected to be minor as the company holds no leases.

### ***Critical accounting estimates and judgements***

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This Note 1 provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

### ***Estimated useful life of prepayments***

The period of time adopted to write down some prepaid assets requires judgements to be made in respect of estimating the useful economic life of the prepaid asset to determine an appropriate period of time for writing down the cost of the asset.

The life of certain prepaid assets has been determined by management to be three years. Initially the estimated economic life of these prepaid assets was 12 months. Management determined this to be insufficient following a review, and subsequently a credit to administrative costs of £228,656 has been included for the period ended 30 June 2018.

### ***Valuation of intangible fixed assets (domain names)***

The economic useful life of intangible fixed assets has been determined to be three years with impairment reviews also being performed on an annual basis.

Management has determined that these assets do not require impairment as there is an active market where these domains can be sold and therefore has determined no impairment is required. These are amortised on a three year basis.

## **2. Financial instruments – risk management**

### ***Capital risk management***

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the company's growth; and
- to provide capital for the purpose of strengthening the company's risk management capability.

The company's actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

### ***Credit risk***

The company's credit risk is primarily attributable to its cash balances and trade receivables. The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables and bank balances. The company does not consider that there is any concentration of risk within trade receivables, and historically default rates have been low therefore no impairment has been required. The company's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Total credit risks</b>			
Trade receivables	469,906	1,032,703	372,437
Cash balances	230,419	145,989	144,745
	<u>700,325</u>	<u>1,178,692</u>	<u>517,182</u>

As at 30 June 2018 trade receivables of £302,433 (2017: £508,636; 2016: £113,703) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
Current	167,473	524,067	258,734
30 – 60 days	160,183	292,000	65,886
60 – 90 days	78,622	124,432	14,138
90 – 120 days	60,376	68,134	22,917
120 days or older	3,252	24,070	10,762
	<u>469,906</u>	<u>1,032,703</u>	<u>372,437</u>

The company records impairment losses on its trade receivables separately from gross receivables. The movements on this allowance account during the periods are summarised below.

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
Opening balance	3,119	15,000	–
Increase in provisions	11,995	3,119	15,000
Written off against provisions	(3,119)	(15,000)	–
	<u>11,995</u>	<u>3,119</u>	<u>15,000</u>

### **Liquidity risk**

The company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 15. These payables are payable within a year.

### **Interest rate risk**

The company's exposure in this area as at the financial position date was minimal. Interest on loans was at fixed rates and there were no overdraft interest charges.

### **Foreign exchange risk**

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than its functional currency. The company holds bank accounts in their functional currency as well as the other main foreign currencies which it transacts in. When transacting in foreign currency, these amounts

are paid into the foreign currency accounts. The company does not consider the foreign currency risk to be significant enough to engage in forms of currency hedging or forward contracts at this time.

### **Categories of financial instruments**

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Financial assets</b>			
Cash and cash equivalents	230,419	145,989	144,475
Loans and receivables	681,841	1,242,030	391,927
	<u>912,260</u>	<u>1,388,019</u>	<u>536,402</u>
<b>Financial liabilities</b>			
Trade and other payables	<u>(391,961)</u>	<u>(733,491)</u>	<u>(1,710,728)</u>

### **Fair value hierarchy**

All the financial assets and financial liabilities recognised in the financial statements which are short short-term in nature are shown at the carrying value which also approximates to the fair value of those financial instruments. Therefore no separate disclosure for fair value hierarchy is required.

### **3. Segmental information**

The company is organised around one class of business and the results are reported to the Chief Operating Decision Maker according to this class. The directors identify operating segments based on the company's service lines. The directors review attributable revenue and expenses by service line accordingly and make decisions about resources and assesses performance based on this information. All revenue is related to the sale of services.

There is one continuing class of business, being the operation of the Entertainment Daily website and revenue can be split geographically as follows:

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Location</b>			
United States of America	422,983	838,966	1,117,139
United Kingdom	310,626	690,863	511,576
Ireland	250,616	659,212	249,265
Israel	17,905	86,978	7,990
Luxembourg	6,421	24,298	4,351
Netherlands	1,264	18,438	13,497
France	–	(3,275)	3,995
Australia	–	–	667
<b>Total revenue</b>	<u>1,009,815</u>	<u>2,315,480</u>	<u>1,908,480</u>

During the period ended 30 June 2018, no one customer accounted for more than 10 per cent. of the company's revenue.

#### 4. Operating profit/(loss)

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Operating profit/(loss) is stated after charging/(crediting):</b>			
Exchange (gains)/losses	(2,200)	25,644	(3,880)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,500	–
Depreciation	1,561	2,954	2,298
Loss on disposal of property, plant and equipment	–	30	–
Amortisation of intangible assets	15,837	2,575	25,244

#### 5. Exceptional items

Exceptional items relate to a reversal of prepaid amount. Initially due to a lack of data the directors determined that a user's engagement life was 12 months and hence these costs were released over a 12-month period. However, during the period ended 30 June 2018, the directors determined that the actual engagement life of the prepayment is three years and not 12 months.

As such, the change in accounting estimate has been recognised in the period to 30 June 2018 resulting in a credit to cost of sales, and re-recognition of the prepaid costs.

#### 6. Employees

The average monthly number of persons (including directors) employed by the company during the period was:

<i>2018 Number</i>	<i>2017 Number</i>	<i>2016 Number</i>
15	11	21

Their aggregate remuneration comprised:

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
Wages and salaries	269,923	435,125	779,816
Social security costs	30,922	42,145	79,955
Pension costs	2,307	1,904	2,942
	<u>303,152</u>	<u>479,174</u>	<u>862,713</u>

## 7. Directors' remuneration

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
Remuneration for qualifying services	120,255	160,779	24,583
Company pension contributions to defined contribution schemes	595	522	124
	<u>120,850</u>	<u>161,301</u>	<u>24,707</u>

## 8. Finance costs

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
Interest on bank overdrafts and loans	-	(69)	3
Interest on invoice finance arrangements	25,686	49,700	-
Other interest payable	8,567	8,231	-
	<u>34,253</u>	<u>57,862</u>	<u>3</u>

## 9. Taxation

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Current tax</b>			
UK corporation tax on profits for the current period	-	155	-
Adjustments in respect of prior periods	-	-	-
<b>Total UK current tax</b>	-	155	-
<b>Deferred tax</b>			
Origination and reversal of temporary differences	2,159	-	-
Tax losses carried forward	(59,659)	-	-
<b>Total tax (credit)/charge</b>	<u>(57,500)</u>	<u>155</u>	<u>-</u>

The charge for the year can be reconciled to the profit/loss per the income statement as follows:

	<i>Six months ended 30 June 2018 £</i>	<i>Year ended 31 December 2017 £</i>	<i>13 months ended 31 December 2016 £</i>
<b>Profit/(loss) before tax</b>	138,290	508,059	(1,095,030)
Expected tax charge based on corporation tax rate of 19.00% (2017: 20.0%, 2016: 20.0%)	26,275	101,612	–
Effect of expenses not deductible in determining taxable profit	4,394	9,305	–
Income not taxable	–	–	–
Utilised tax loss carried forward	–	(111,409)	–
Effect of change in UK corporation tax rate	(3,229)	1,193	–
Adjustments in respect of financial assets	–	(609)	–
Deferred tax not provided for	(84,940)	6	–
Other differences	–	57	–
<b>Total tax (credit)/charge</b>	<u>(57,500)</u>	<u>155</u>	<u>–</u>

The UK corporation tax rate for small company profit was held at 20 per cent. for all periods up until 1 April 2017 before dropping to 19 per cent.. The deferred tax asset has been calculated at the future enacted tax rate of 17 per cent. which will apply from 1 April 2020.

## 10. Intangible fixed assets

	<i>Domain names £</i>
<b>Cost</b>	
At 9 December 2015	–
Additions	93,993
Disposals	–
At 31 December 2016	<u>93,993</u>
Additions	842
Disposals	–
At 31 December 2017	<u>94,835</u>
Additions	356
Disposals	–
At 30 June 2018	<u>95,191</u>
<b>Amortisation and impairment</b>	
At 9 December 2015	–
Amortisation charge in the period	25,244
Eliminated in respect of disposals	–
At 31 December 2016	<u>25,244</u>
Amortisation charge in the period	2,575
Eliminated in respect of disposals	–
At 31 December 2017	<u>27,819</u>
Amortisation charge in the period	15,837
Eliminated in respect of disposals	–
At 30 June 2018	<u>43,656</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>68,749</u>
At 31 December 2017	<u>67,016</u>
At 30 June 2018	<u>51,535</u>

Amortisation is included within administrative expenses.

## 11. Investment in subsidiary

Digitalbox Publishing Limited holds 1,000 shares in Digitalbox Publishing Inc. valued at \$0.001 per share. Digitalbox Publishing Inc. is a 100 per cent. owned subsidiary.

## 12. Tangible fixed assets

	<i>Office furniture</i> £	<i>Office equipment</i> £	<i>Total</i> £
<b>Cost</b>			
At 9 December 2015	–	–	–
Additions	–	9,198	9,198
Disposals	–	–	–
At 31 December 2016	–	9,198	9,198
Additions	4,707	1,473	6,180
Disposals	–	(185)	(185)
At 31 December 2017	4,707	10,486	15,193
Additions	–	5,494	5,494
Disposals	–	–	–
At 30 June 2018	4,707	15,980	20,687
<b>Depreciation and impairment</b>			
At 9 December 2015	–	–	–
Depreciation charge in the period	–	2,298	2,298
Eliminated in respect of disposals	–	–	–
At 31 December 2016	–	2,298	2,298
Depreciation charge in the period	1,079	1,875	2,954
Eliminated in respect of disposals	–	(4)	(4)
At 31 December 2017	1,079	4,169	5,248
Depreciation charge in the period	490	1,071	1,561
Eliminated in respect of disposals	–	–	–
At 30 June 2018	1,569	5,240	6,809
<b>Carrying amount</b>			
At 31 December 2016	–	6,900	6,900
At 31 December 2017	3,628	6,317	9,945
At 30 June 2018	3,138	10,740	13,878

Depreciation is included within administrative expenses.

## 13. Receivables

	<i>At 30 June 2018</i> £	<i>At 31 December 2017</i> £	<i>At 31 December 2016</i> £
<b>Amounts falling due within one year:</b>			
Trade receivables	469,906	1,032,703	372,437
Amounts owed by group undertakings	–	–	16,173
Amounts due from related parties	184,935	209,327	–
Other receivables	–	–	3,317
Prepayments and accrued income	300,630	210,337	15,873
	<u>955,471</u>	<u>1,452,367</u>	<u>407,800</u>

The fair value of the trade and other receivables is considered by the Directors not to be materially different to the carrying amounts.

#### 14. Cash and cash equivalents

	<i>At</i> <i>30 June</i> <i>2018</i> £	<i>At</i> <i>31 December</i> <i>2017</i> £	<i>At</i> <i>31 December</i> <i>2016</i> £
Cash at bank	230,419	145,989	144,745

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise the amounts shown above.

#### 15. Payables: amounts falling due within one year

	<i>At</i> <i>30 June</i> <i>2018</i> £	<i>At</i> <i>31 December</i> <i>2017</i> £	<i>At</i> <i>31 December</i> <i>2016</i> £
Trade payables	27,679	20,164	172,200
Amounts due to group undertakings	–	–	1,406,227
Amount owed to other related parties	363,127	501,790	–
Other taxation and social security	97,355	148,199	12,080
Other payables	1,155	211,537	132,301
Accruals and deferred income	29,728	199,658	316
	<u>519,044</u>	<u>1,081,348</u>	<u>1,723,124</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

#### 16. Share capital

	<i>At</i> <i>30 June</i> <i>2018</i> £	<i>At</i> <i>31 December</i> <i>2017</i> £	<i>At</i> <i>31 December</i> <i>2016</i> £
<b>Ordinary share capital</b>			
<b><i>Issued and fully paid</i></b>			
100 Ordinary shares of £1 each	–	–	100
102 A Ordinary shares of £1 each	102	102	–
44 B Ordinary shares of £1 each	44	44	–
	<u>146</u>	<u>146</u>	<u>100</u>

100 Ordinary shares were issued at cost during 2016. The 100 Ordinary shares issued in 2016 were then reclassified as 100 A Ordinary shares on 15 May 2017.

On 15 May 2017, 2 A Ordinary shares were issued for £505,420 each, the consideration was in the form of a related party liability that was extinguished in exchange for the shares.

On 15 May 2017 44 B Ordinary shares were issued for £3,863 each.

## 17. Deferred tax

	At 30 June 2018 £	At 31 December 2017 £	At 31 December 2016 £
At beginning of period	–	–	–
Credited to Income Statement	(57,500)	–	–
Carried forward	<u>(57,500)</u>	<u>–</u>	<u>–</u>

The deferred taxation balance is made up as follows:

	At 30 June 2018 £	At 31 December 2017 £	At 31 December 2016 £
Accelerated capital allowances	2,159	–	–
Tax losses	(59,659)	–	–
Carried forward	<u>(57,500)</u>	<u>–</u>	<u>–</u>

## 18. Capital commitments

There were no amounts contracted for but not provided as at 31 December 2016, 31 December 2017 and 30 June 2018.

## 19. Retirement benefit schemes

### **Defined contribution schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to the Statement of Comprehensive Income of defined contribution plans is £2,307 (2017: £1,904; 2016: £2,942)

## 20. Related party transactions

### **Remuneration of key management personnel**

The Directors are considered to be the key management. The total remuneration paid to Directors during the year was £120,850 (2017: £161,301; 2016: £24,707).

### **Other transactions with related parties**

During the year the company entered into the following transactions with related parties. No guarantees have been given or received:

Digitalbox Publishing Limited sold services to other related parties of £5,894 (2017: £nil; 2016: £nil). The amount outstanding at the reporting date was £7,073 (2017: £nil; 2016: £nil).

Digitalbox Publishing Limited purchased services from other group companies totalling £94,943 (2017: £97,758; 2016: £nil). At the balance sheet date, £nil was owed to other related parties (2017: £nil; 2016: £nil).

Digitalbox Publishing Limited purchased services from other related parties totalling £69,527 (2017: £147,105; 2016: £115). At the balance sheet date, £nil was owed to other related parties (2017: £nil; 2016: £nil).

The company was owed by other group companies at the period-end date £13,586 (2017: £38,521; 2016: £16,713). The company was owed by other related parties at the period-end date £7,073 (2017: £Nil; 2016: £Nil).

The company owed to other group companies at the period-end date £nil (2017: £nil; 2016: £887,252). The company owed to other related parties at the year-end date £373,143 (2017: £524,091; 2016: £518,975).

On 15 May 2017, the company loaned £85,403 to James Carter, a director. The balance outstanding at the period ended 30 June 2018 was £85,751 (2017: £84,403). The loan is repayable on demand and interest is being charged at a rate of 1 per cent. per annum.

On 15 May 2017, the company loaned £85,403 to Jim Douglas, a director. The balance outstanding at the period ended 30 June 2018 was £85,751 (2017: £84,403). The loan is repayable on demand and interest is being charged at a rate of 1 per cent. per annum.

**21. Reserves**

The following describes the nature and purpose of each reserve within equity:

- Share premium      The amount of capital contributed in excess of the nominal value of each ordinary share
- Retained earnings      All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

**22. Ultimate controlling party**

The parent company is Digitalbox Publishing (Holdings) Limited. There is no ultimate controlling party.

## **SECTION B: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF DIGITALBOX PUBLISHING INC**

The Existing Directors and Proposed Directors  
Polemos Plc  
2 Chapel Court  
Borough High Street  
London  
SE1 1HH

WH Ireland Limited  
24 Martin Lane  
London  
EC4R 0DR

8 February 2019

Dear Sirs

### **Digitalbox Publishing Inc.**

We report on the historical financial information of Digitalbox Publishing Inc. set out in Part VI of the AIM admission document of Polemos plc dated 7 February (the "Admission Document") for the periods ended 30 June 2018 and 31 December 2017 (the "Financial Information"). The Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 1 to the financial statements. This report is required by the AIM Rules for Companies and is given for the purpose of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

### **Responsibility**

The directors of the company are responsible for preparing the Financial Information on the basis of preparation set out in Note 1 to the Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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 sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion the Financial Information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of the company as at 30 June 2018 and 31 December 2017 and of the profits, losses, cash flows and changes in shareholders' equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

**Haysmacintyre**

*Chartered accountants*  
10 Queen Street Place  
London  
EC4R 1AG

## Income Statement

		<i>Six months ended 30 June 2018</i>	<i>17 August 2017 to 31 December 2017</i>
	<i>Notes</i>	<i>\$</i>	<i>\$</i>
Revenue	3	132,208	128,860
Cost of sales		<u>(40,574)</u>	<u>(60,702)</u>
<b>Gross profit</b>		91,634	68,158
Administrative expenses		<u>(47,294)</u>	<u>(105,401)</u>
<b>Operating profit/(loss)</b>	4	<u>44,340</u>	<u>(37,243)</u>
<b>Profit/(loss) before tax</b>		44,340	(37,243)
Tax on profit/(loss)		<u>-</u>	<u>(1,075)</u>
<b>Profit/(loss) for the financial year</b>		<u><u>44,340</u></u>	<u><u>(38,318)</u></u>

The results reflected above relate solely to continuing activities.

There were no other recognised gains and losses for 2017 and 2018.

## Statement of Financial Position

		At 30 June 2018 \$	At 31 December 2017 \$
<b>Current assets</b>			
Cash at bank and in hand	7	18,080	36,352
<b>Current liabilities</b>			
Payables due within one year	8	<u>(10,983)</u>	<u>(73,595)</u>
<b>Net current assets/(liabilities)</b>		<u>7,097</u>	<u>(37,243)</u>
<b>Non-current liabilities</b>			
Payables due after one year	9	<u>(1,075)</u>	<u>(1,075)</u>
<b>Net assets/(liabilities)</b>		<u>6,022</u>	<u>(38,318)</u>
<b>Shareholders' equity</b>			
Retained earnings	13	<u>6,022</u>	<u>(38,318)</u>
<b>Total equity</b>		<u>6,022</u>	<u>(38,318)</u>

## Statement of Changes in Equity

	<i>Share capital</i> \$	<i>Retained earnings</i> \$	<i>Total</i> \$
<b>As at 14 August 2017</b>	–	–	–
Loss for the period	–	<u>(38,318)</u>	<u>(38,318)</u>
<b>As at 31 December 2017</b>	–	<u>(38,318)</u>	<u>(38,318)</u>
Profit for the period	–	<u>44,340</u>	<u>44,340</u>
<b>As at 30 June 2018</b>	<u>–</u>	<u>6,022</u>	<u>6,022</u>

## Cash Flow Statement

	<i>Six months ended 30 June 2018 \$</i>	<i>17 August 2017 to 31 December 2017 \$</i>
<b>Cash flows from operating activities</b>		
Profit/(loss) after taxation	44,340	(38,318)
<i>Adjustments for:</i>		
Taxation charged	—	1,075
	<hr/>	<hr/>
<b>Operating cash flows before working capital changes</b>	44,340	(37,243)
(Decrease)/increase in trade and other payables	(62,612)	73,595
	<hr/>	<hr/>
<b>Net cash flow (used in)/from operating activities</b>	(18,272)	36,352
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(18,272)	36,352
Cash and cash equivalents at beginning of year	36,352	—
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<u>18,080</u>	<u>36,352</u>

## **NOTES TO THE FINANCIAL INFORMATION**

### **General information**

Digitalbox Publishing Inc. is a private company limited by shares incorporated in the United States. The principal activity of the company is to provide commissionable services solely to the parent company Digitalbox Publishing Limited.

The registered office of the company is 19 Cortland Dr, Hudson, Massachusetts, USA, MA 01749. The registered company number is 511130.

### **1. Principal accounting policies**

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The company has adopted IFRS for the first time in this historical financial information. The historical information presented is based on the management information provided by the company.

The company has not produced audited statutory accounts previously. The period to 31 December 2017 is the first period of accounts since the date of incorporation on 14 August 2017.

IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results have not differed from such estimates.

The historical financial information is presented in US dollars (\$) which is the functional currency of the company.

The historical financial information has been prepared under the historical cost convention.

### ***Going concern***

The directors have stated that Digitalbox Publishing Inc. will continue to receive support from its parent company Digitalbox Publishing Limited. Therefore the historical financial information has been prepared on a going concern basis.

### ***Revenue***

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business and is shown net of VAT and other sales related taxes. All revenue derives from the parent company.

### ***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 receivables 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 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 payables, loans and loans from fellow group companies, 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.

### ***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.

### ***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.

### ***Equity instruments***

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

### ***Employee benefits***

The costs of short-term employee benefits are recognised as a liability and an expense.

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

### ***Retirement benefits***

There are no pension contributions made by the company to any of its employees.

### ***Foreign exchange***

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Income Statement for the period.

### ***Equity***

Retained earnings are the cumulative net gains and losses recognised in the Income statement.

### ***Segmental reporting***

All of the company's revenue is a recharge from the parent company Digitalbox Publishing Limited, therefore no segmental information is provided.

### ***New and revised IFRSs in issue but not yet effective***

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the company's accounting period beginning after 1 January 2018 have been published but are not yet effective, and have not been adopted early by the company. These are listed below:

- IFRS 16 leases, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases standard, IAS 17 Leases, and related interpretations. The impact of this standard is expected to be minor as the company holds no leases.

### ***Critical accounting estimates and judgements***

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

Management consider no areas of the accounts to require critical estimates or judgements.

## **2. Financial instruments – risk management**

### ***Capital risk management***

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the company's growth; and
- to provide capital for the purpose of strengthening the company's risk management capability.

The company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity reserves, for capital management purposes.

### ***Credit risk***

The company's credit risk is primarily attributable to its cash. The maximum exposure to credit risk is the value of the outstanding amount bank balances. There are no trade receivables and therefore the only risk relates to cash, however this is considered to be low as the bank account is held within a bank with a high credit rating. There are no other financial assets to which credit risk is attributable.

	<i>At</i>	<i>At</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2018</i>	<i>2017</i>
	\$	\$
<b>Total credit risks</b>		
Cash balances	18,080	36,352

### ***Liquidity risk***

The company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

There are no trade payables and the majority of the payables balance is between Digitalbox Publishing Inc. and its parent company. An analysis of these payables is given in note 8.

### **Interest rate risk**

The company's exposure in these areas as at the financial position date was minimal. There are no loans or overdrafts to which interest is attributable.

### **Foreign exchange risk**

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than its functional currency. The company holds bank accounts in their functional currency. All transactions are undertaken in the functional currency of the company and therefore there is minimal foreign exchange risk.

### **3. Segmental information**

All of the company's revenue is a recharge from the parent company Digitalbox Publishing Limited, therefore no segmental information is provided.

### **4. Operating profit/(loss)**

	<i>Six months ended 30 June 2018</i>	<i>17 August 2017 to 31 December 2017</i>
<b>Operating profit/(loss) is stated after (crediting):</b>		
Intercompany loan reduction	(20,674)	–

### **5. Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

<i>2018 Number</i>	<i>2017 Number</i>
2	3

Their aggregate remuneration comprised:

	<i>Six months ended 30 June 2018</i>	<i>17 August 2017 to 31 December 2017</i>
Wages and salaries	45,608	61,201
Social security costs	3,545	5,378
	<u>49,153</u>	<u>66,579</u>

### **6. Directors' remuneration**

There was no directors' remuneration in the period (2017: \$nil).

## 7. Cash and cash equivalents

	<i>At</i> <i>30 June</i> <i>2018</i> \$	<i>At</i> <i>31 December</i> <i>2017</i> \$
Cash at bank	18,080	36,352

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise the amounts shown above.

## 8. Payables: amounts falling due within one year

	<i>At</i> <i>30 June</i> <i>2018</i> \$	<i>At</i> <i>31 December</i> <i>2017</i> \$
Amounts due to group undertakings	10,776	65,583
Accruals	207	764
Other payables	–	7,248
	<u>10,983</u>	<u>73,595</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

## 9. Payables: amounts falling due after one year

	<i>At</i> <i>30 June</i> <i>2018</i> \$	<i>At</i> <i>31 December</i> <i>2017</i> \$
Taxation	1,075	1,075
	<u>1,075</u>	<u>1,075</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

## 10. Capital commitments

There were no amounts contracted for but not provided as at 31 December 2017 and 30 June 2018.

## 11. Related party transactions

All related party transactions have taken place between the company and the parent company Digitalbox Publishing Limited.

## 12. Share capital

Digitalbox Inc. has 1000 ordinary shares in issue with a nominal value of \$0.001, there have been no further issue of shares since incorporation on 14 August 2017.

### **13. Reserves**

The following describes the nature and purpose of each reserve within equity:

Retained earnings    All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

### **14. Ultimate controlling party**

The parent company is Digitalbox Publishing Limited. The ultimate controlling party is Digitalbox Publishing (Holdings) Limited.

**PART VII**  
**HISTORICAL FINANCIAL INFORMATION ON MASHED PRODUCTIONS LIMITED**

**ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF**  
**MASHED PRODUCTIONS LIMITED**

The Existing Directors and Proposed Directors  
Polemos plc  
2 Chapel Court  
Borough High Street  
London  
SE1 1HH

WH Ireland Limited  
24 Martin Lane  
London  
EC4R 0DR

8 February 2019

Dear Sirs

**Mashed Productions Limited**

We report on the historical financial information of Mashed Productions Limited set out in Part VII of the AIM admission document of Polemos plc dated 8 February 2019 (the "Admission Document") for the periods ended 31 October 2018, 31 March 2018, 31 March 2017 and 31 March 2016 (the "**Financial information**"). The Financial Information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in Note 1 to the financial statements. This report is required by the AIM Rules for Companies and is given for the purpose of complying with paragraph (a) of Schedule Two of the AIM Rules for companies and for no other purpose.

**Responsibility**

The directors of the company are responsible for preparing the Financial Information on the basis of preparation set out in Note 1 to the Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

**Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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 sufficient evidence to give reasonable assurance that the

Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

### **Opinion**

In our opinion the Financial Information gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of the company as at 31 October 2018, 31 March 2018, 31 March 2017 and 31 March 2016 and of the profits, losses, cash flows and changes in shareholders' equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules for Companies.

Yours faithfully

### **Haysmacintyre**

Chartered accountants  
10 Queen Street Place  
London  
EC4R 1AG

## Income Statement

		<i>Seven months ended</i>	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>Notes</i>	<i>31 October 2018</i>	<i>31 March 2018</i>	<i>31 March 2017</i>	<i>31 March 2016</i>
		£	£	£	£
Revenue	3	199,102	396,443	412,752	366,587
Cost of sales		<u>(88,937)</u>	<u>(164,169)</u>	<u>(144,632)</u>	<u>(127,590)</u>
<b>Gross profit</b>		110,165	232,274	268,120	238,997
Administrative expenses		<u>(60,756)</u>	<u>(97,389)</u>	<u>(72,724)</u>	<u>(72,148)</u>
<b>Operating profit</b>	4	49,409	134,885	195,396	166,849
Finance income		20	18	33	68
Finance costs	7	<u>(109)</u>	<u>(175)</u>	<u>(164)</u>	<u>(145)</u>
<b>Profit before tax</b>		49,320	134,728	195,265	166,772
Tax on profit	8	<u>(9,538)</u>	<u>(28,155)</u>	<u>(34,338)</u>	<u>(25,435)</u>
<b>Profit for the financial year</b>		<u><u>39,782</u></u>	<u><u>106,573</u></u>	<u><u>160,927</u></u>	<u><u>141,337</u></u>

The results reflected above relate solely to continuing activities.

There were no other recognised gains and losses for the years ending 31 March 2016, 2017 and 2018 and the period ended 31 October 2018.

## Statement of Financial Position

		<i>At 31</i>	<i>At 31</i>	<i>At 31</i>	<i>At 31</i>
		<i>October 2018</i>	<i>March 2018</i>	<i>March 2017</i>	<i>March 2016</i>
	<i>Notes</i>	£	£	£	£
<b>Non-current assets</b>					
Property, plant and equipment	9	3,301	3,737	4,108	4,273
		<u>3,301</u>	<u>3,737</u>	<u>4,108</u>	<u>4,273</u>
<b>Current assets</b>					
Receivables	10	124,128	69,302	90,492	72,959
Cash at bank and in hand	11	83,431	168,211	138,456	99,012
		<u>207,559</u>	<u>237,513</u>	<u>228,948</u>	<u>171,971</u>
<b>Total assets</b>		210,860	241,250	233,056	176,244
<b>Current liabilities</b>					
Payables due within one year	12	(44,587)	(29,046)	(28,601)	(27,838)
Current tax liabilities		(9,690)	(28,203)	(34,338)	(25,435)
		<u>(54,277)</u>	<u>(57,249)</u>	<u>(62,939)</u>	<u>(53,273)</u>
<b>Net current assets</b>		<u>153,282</u>	<u>180,264</u>	<u>166,009</u>	<u>118,698</u>
<b>Net assets</b>		<u>156,583</u>	<u>184,001</u>	<u>170,117</u>	<u>122,971</u>
<b>Shareholders' equity</b>					
Share capital	13	100	100	100	100
Retained earnings	17	156,483	183,901	170,017	122,871
<b>Total equity</b>		<u>156,583</u>	<u>184,001</u>	<u>170,117</u>	<u>122,971</u>

## Statement of Changes in Equity

	<i>Share capital</i> £	<i>Retained earnings</i> £	<i>Total</i> £
<b>As at 1 April 2015</b>	100	60,954	61,054
Profit for the year	–	141,337	141,337
Dividends paid	–	(79,420)	(79,420)
<b>As at 31 March 2016</b>	100	122,871	122,971
Profit for the year	–	160,927	160,927
Dividends paid	–	(113,781)	(113,781)
<b>As at 31 March 2017</b>	100	170,017	170,117
Profit for the year	–	106,573	106,573
Dividends paid	–	(92,689)	(92,689)
<b>As at 31 March 2018</b>	100	183,901	184,001
Profit for the period	–	39,782	39,782
Dividends paid	–	(67,200)	(67,200)
<b>As at 31 October 2018</b>	100	156,483	156,583

## Cash Flow Statement

	<i>Seven months ended 31 October 2018 £</i>	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2017 £</i>	<i>Year ended 31 March 2016 £</i>
<b>Cash flows from operating activities</b>				
Profit after taxation	39,782	106,573	160,927	141,337
<i>Adjustments for:</i>				
Taxation charged	9,538	28,155	34,338	25,435
Finance costs	109	175	164	145
Finance income	(20)	(18)	(33)	(68)
Depreciation	436	1,245	1,055	1,068
Tax paid	(28,155)	(34,338)	(25,435)	(23,555)
	<u>21,690</u>	<u>101,792</u>	<u>171,016</u>	<u>144,362</u>
<b>Operating cash flows before working capital changes</b>				
Decrease/(increase) in trade and other receivables	(54,824)	21,189	(17,534)	(34,362)
Increase in trade and other payables	15,643	494	764	15,135
	<u>(39,181)</u>	<u>21,683</u>	<u>(16,770)</u>	<u>(19,227)</u>
<b>Net cash flow (used in)/from operating activities</b>				
<b>Investing activities</b>				
Purchase of property, plant and equipment	–	(874)	(890)	(1,083)
Finance income	20	18	33	68
	<u>20</u>	<u>(856)</u>	<u>(857)</u>	<u>(1,015)</u>
<b>Net cash flows used in investing activities</b>				
<b>Financing activities</b>				
Dividends paid	(67,200)	(92,689)	(113,781)	(79,420)
Finance costs paid	(109)	(175)	(164)	(145)
	<u>(67,309)</u>	<u>(92,864)</u>	<u>(113,945)</u>	<u>(79,565)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>				
	(84,780)	29,755	39,444	44,555
Cash and cash equivalents at beginning of year	168,211	138,456	99,012	54,457
<b>Cash and cash equivalents at end of year</b>	<u>83,431</u>	<u>168,211</u>	<u>138,456</u>	<u>99,012</u>

**NOTES TO THE FINANCIAL INFORMATION**

**General information**

Mashed Productions Limited is a private company limited by shares incorporated in Scotland. The principal activity of the company is the production of online articles. The registered office of the company is Bannatyne Kirkwood France, 16 Royal Exchange Square, Glasgow, G1 3AG. The registered company number is SC319972.

**1. Principal accounting policies**

The principal accounting policies applied in the preparation of the financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The company has adopted IFRS for the first time in this historical financial information. The historical financial information is based on the annual statutory accounts which have been lodged with the Registrar of Companies. For the periods ended 31 October 2018, 31 March 2018, 31 March 2017 and 31 March 2016, the most recently previously published financial statements were prepared using FRS102. The company has not been audited previously.

IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management’s knowledge and experience of the amounts, events or actions. Actual results have not differed from such estimates.

The historical financial information is presented in pounds sterling (£) which is the functional currency of the company.

The historical financial information has been prepared under the historical cost convention.

**Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Revenue**

Revenue is recognised at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents sales excluding value added tax of advertising spaced on the company’s website, sales of merchandise and license fee revenue from the production of television shows.

**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:

Computer equipment                      20 per cent. reducing balance

**Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

### **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 receivables 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 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 payables, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade payables 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. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### **Taxation**

The tax expense represents the tax currently payable.

### **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.

### **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.

### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

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

### **Retirement benefits**

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

## **Equity**

Ordinary shares are classified as equity. There is only one class of share.

Retained earnings are the cumulative net gains and losses recognised in the Income Statement.

## **Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases are charged to the "Income Statement" on a straight-line basis over the period of the lease.

## **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the directors, who are responsible for allocating resources and assessing performance of the operating segments.

## **New and revised IFRSs in issue but not yet effective**

At the date of authorisation of this financial information, certain new standards, amendments and interpretations to existing standards applicable to the company's accounting period beginning after 1 January 2018 have been published but are not yet effective and have not been adopted early by the company. These are listed below:

- IFRS 16 leases, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("**lessee**") and the supplier ("**lessor**"). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases standard, IAS 17 Leases, and related interpretations. The impact of this standard is expected to be minor as the company holds only immaterial leases.

## **Critical accounting estimates and judgements**

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This Note 1 provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

## **2. Financial instruments – risk management**

### **Capital risk management**

The company's objectives when managing capital are:

- to safeguard the company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the company's growth; and
- to provide capital for the purpose of strengthening the company's risk management capability.

The company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

### **Credit risk**

The company's credit risk is primarily attributable to its cash balances and trade receivables. The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of trade receivables and bank balances. The company does not consider that there is any concentration of risk within trade receivables, and historically default rates have been low therefore no impairment has been required. The company's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
<b>Total credit risk</b>				
Trade receivables	115,592	69,302	81,992	64,459
Cash balances	83,431	168,211	138,456	99,012
	<u>199,023</u>	<u>237,513</u>	<u>220,448</u>	<u>163,471</u>

As at 31 October 2018 trade receivables of £13,820 (year ended March 2018: £24,374; 2017: £17,740; 2016: £7,428) were past due but not impaired. They relate to customers with no default history. The ageing analysis of these receivables is as follows:

	<i>At</i> <i>31 October</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
Current	38,774	20,476	30,550	25,235
30 – 60 days	35,179	18,653	46,844	28,078
60 – 90 days	28,183	18,650	4,598	9,648
90 – 120 days	–	–	–	1,498
120 days or older	13,456	11,523	–	–
	<u>115,592</u>	<u>69,302</u>	<u>81,992</u>	<u>64,459</u>

### **Liquidity risk**

The company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 12. These payables are payable within a year.

### **Interest rate risk**

The company's exposure in this area as at the financial position date was minimal. There are no loan or overdraft interest charges.

### **Foreign exchange risk**

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than its functional currency. The company's exposure in these areas as at the financial position date was minimal. The company does not transact in currencies other than its functional currency.

### Categories of financial instruments

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	<i>At 31 October 2018 £</i>	<i>At 31 March 2018 £</i>	<i>At 31 March 2017 £</i>	<i>At 31 March 2016 £</i>
<b>Financial assets</b>				
Cash and cash equivalents	83,431	168,211	138,456	99,012
Trade receivables	115,592	69,302	90,492	72,959
	<u>199,023</u>	<u>237,513</u>	<u>228,948</u>	<u>171,971</u>
<b>Financial liabilities</b>				
Trade and other payables	<u>10,454</u>	<u>11,531</u>	<u>7,851</u>	<u>10,028</u>

### Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates to the fair value of those financial instruments. Therefore, no separate disclosure for fair value hierarchy is required.

### 3. Segmental information

The company is organised around one major class of business, being advertising revenue from the operation of the Daily Mash website. In addition, the company benefits from a licence fee for the Mash Report television show, sale of Daily Mash merchandise and membership for overseas viewers of the company's website.

Revenue can be split geographically as follows:

	<i>Seven months ended 31 October 2018 £</i>	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2017 £</i>	<i>Year ended 31 March 2016 £</i>
<b>Location</b>				
United Kingdom	152,845	319,116	269,761	212,642
United States of America	32,780	76,861	139,970	142,422
Netherlands	13,477	–	496	4,612
Singapore	–	466	2,525	6,911
Total revenue	<u>199,102</u>	<u>396,443</u>	<u>412,752</u>	<u>366,587</u>

Revenue can be split per stream as follows:

	<i>Seven months ended 31 October 2018 £</i>	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2017 £</i>	<i>Year ended 31 March 2016 £</i>
<b>Revenue stream</b>				
Advertising	181,669	305,754	390,633	349,453
Television	9,969	70,821	–	–
Merchandise	3,398	9,915	13,597	13,257
Membership	4,066	9,953	8,522	3,877
Total revenue	<u>199,102</u>	<u>396,443</u>	<u>412,752</u>	<u>366,587</u>

#### 4. Operating profit

	<i>Seven months ended 31 October 2018 £</i>	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2017 £</i>	<i>Year ended 31 March 2016 £</i>
<b>Operating profit is stated after charging</b>				
Depreciation	436	1,245	1,055	1,068
Pension contributions	<u>30,705</u>	<u>39,780</u>	<u>39,780</u>	<u>38,980</u>

#### 5. Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	<i>Seven months ended 31 October 2018 Number</i>	<i>Year ended 31 March 2018 Number</i>	<i>Year ended 31 March 2017 Number</i>	<i>Year ended 31 March 2016 Number</i>
	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>

Their aggregate remuneration comprised:

	<i>Seven months ended 31 October 2018 £</i>	<i>Year ended 31 March 2018 £</i>	<i>Year ended 31 March 2017 £</i>	<i>Year ended 31 March 2016 £</i>
Wages and salaries	18,945	28,833	20,967	21,200
Pension costs	<u>30,705</u>	<u>39,780</u>	<u>39,780</u>	<u>38,980</u>
	<u>49,650</u>	<u>68,613</u>	<u>60,747</u>	<u>60,180</u>

## 6. Directors' remuneration

The remuneration for the executive directors for the period was:

	<i>Seven months ended</i> 31 October 2018 £	<i>Year ended</i> 31 March 2018 £	<i>Year ended</i> 31 March 2017 £	<i>Year ended</i> 31 March 2016 £
Remuneration for qualifying services	13,825	22,042	11,000	10,600
Company pension contributions to defined contribution schemes	30,705	39,780	39,780	38,980
	<u>44,530</u>	<u>61,822</u>	<u>50,780</u>	<u>49,580</u>

## 7. Finance costs

	<i>Seven months ended</i> 31 October 2018 £	<i>Year ended</i> 31 March 2018 £	<i>Year ended</i> 31 March 2017 £	<i>Year ended</i> 31 March 2016 £
Bank charges	109	175	164	145

## 8. Taxation

	<i>Seven months ended</i> 31 October 2018 £	<i>Year ended</i> 31 March 2018 £	<i>Year ended</i> 31 March 2017 £	<i>Year ended</i> 31 March 2016 £
<b>Current tax</b>				
UK corporation tax on profits for the current period	9,538	28,155	34,338	25,435
<b>Total UK current tax</b>	<u>9,538</u>	<u>28,155</u>	<u>34,338</u>	<u>25,435</u>
<b>Total tax charge</b>	<u>9,538</u>	<u>28,155</u>	<u>34,338</u>	<u>25,435</u>

The charge for the year can be reconciled to the profit per the income statement as follows:

	<i>Seven months ended</i> 31 October 2018 £	<i>Year ended</i> 31 March 2018 £	<i>Year ended</i> 31 March 2017 £	<i>Year ended</i> 31 March 2016 £
<b>Profit before tax per audited statements</b>	49,320	134,728	195,266	166,772
Expected tax charge based on corporation tax rate of 19.00% (2018: 19.0%, 2017: 20.0%, 2016: 20.0%)	9,371	25,598	39,053	33,354
Effect of expenses not deductible in determining taxable profit	167	567	436	350
Capital allowances	–	(167)	(179)	(218)
Other timing differences	–	2,157	(4,972)	(8,051)
<b>Total tax charge</b>	<u>9,538</u>	<u>28,155</u>	<u>34,338</u>	<u>25,435</u>

The UK corporation tax rate for small company profit was held at 20 per cent. for all periods up until 1 April 2017 before dropping to 19 per cent..

## 9. Tangible fixed assets

	<i>Computer Equipment</i> £
<b>Cost</b>	
At 1 April 2015	9,632
Additions	1,083
At 31 March 2016	10,715
Additions	890
At 31 March 2017	11,605
Additions	874
At 31 March 2018	12,479
Additions	–
At 31 October 2018	12,479
<b>Depreciation and impairment</b>	
At 1 April 2015	5,374
Depreciation charge in the period	1,068
At 31 March 2016	6,442
Depreciation charge in the period	1,055
At 31 March 2017	7,497
Depreciation charge in the period	1,245
At 31 March 2018	8,742
Depreciation charge in the period	436
At 31 October 2018	9,178
<b>Carrying amount</b>	
At 31 March 2016	4,273
At 31 March 2017	4,108
At 31 March 2018	3,737
At 31 October 2018	3,301

Depreciation is included within administrative expenses.

## 10. Receivables

	<i>At</i> <i>31 October</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
Trade receivables	115,592	69,302	81,992	64,459
Accrued income	8,434	–	–	–
Other receivables	102	–	8,500	8,500
	<u>124,128</u>	<u>69,302</u>	<u>90,492</u>	<u>72,959</u>

The fair value of the trade and other receivables is considered by the Directors not to be materially different to the carrying amounts.

## 11. Cash and cash equivalents

	<i>At</i> <i>31 October</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
Cash at bank	<u>83,431</u>	<u>168,211</u>	<u>138,456</u>	<u>99,012</u>

The directors consider that the carrying amount of cash and cash equivalents represents their fair value.

For the purposes of the cashflow statement, cash and cash equivalents comprise the amounts shown above.

## 12. Payables: amounts falling due within one year

	<i>At</i> <i>31 October</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
Trade payables	10,454	11,531	7,850	10,028
Other taxation and social security	33,536	16,103	19,339	16,510
Accruals and deferred income	550	1,050	1,050	1,050
Amounts owed to directors	<u>47</u>	<u>362</u>	<u>362</u>	<u>250</u>
	<u>44,587</u>	<u>29,046</u>	<u>28,601</u>	<u>27,838</u>

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

## 13. Share capital

	<i>At</i> <i>31 October</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
<b>Ordinary share capital</b> <b><i>Issued and fully paid</i></b> 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## 14. Capital commitments

There were no amounts contracted for but not provided as at 31 March 2016, 31 March 2017, 31 March 2018 and 31 October 2018.

## 15. Retirement benefit schemes

### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to the Statement of Comprehensive Income of defined contribution plans for the period ending 31 October 2018 is £30,705 (year ended 31 March 2018: £39,780; 2017: £39,780; 2016: £38,980)

## 16. Related party transactions

### Remuneration of key management personnel

The directors are considered to be the key management. The total remuneration paid to directors for the period ended 31 October 2018 was £44,530 (year ended 31 March 2018: £61,822; 2017: £50,780; 2016: £49,580).

### Other transactions with related parties

During the year the company entered into the following transactions with related parties. No guarantees have been given or received.

In the period to 31 October 2018, £5,120 was paid to the wife of one of the directors as remuneration. (year ended 31 March 2018: £5,833; 2017: £9,967; 2016: £10,600).

In the period £nil was paid to Rafferty Services Editoriaux, a company owned by Neil Rafferty, for editorial services (year ended 31 March 2018: £4,383, 2017: £26,945, 2016: £14,397).

During the year ended 31 March 2018 a loan of £8,500 provided by the company to Rafferty Services Editoriaux, a company owned by Neil Rafferty, was written off as this was not considered recoverable.

£67,200 was paid in dividends to the two shareholders in the period (year ended 31 March 2018: £92,689; 2017: £113,781; 2016: £79,420).

£47 was owed to Paul Stokes at the period end (year ended 31 March 2018: £362; 2017: £362; 2016: £250).

In the year ended 31 March 2018 the company entered into two car leases for use by one director and his wife. The outstanding commitment for these leases is detailed within note 18.

## 17. Reserves

The following describes the nature and purpose of each reserve within equity:

Retained earnings All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

## 18. Operating lease commitments

The company had the following commitments under non-cancellable operating leases:

	<i>At</i> <i>31 October</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2018</i> £	<i>At</i> <i>31 March</i> <i>2017</i> £	<i>At</i> <i>31 March</i> <i>2016</i> £
Due in 1 year	4,268	4,268	–	–
Due in 2 to 5 years	1,423	5,690	–	–
	<u>5,691</u>	<u>9,958</u>	<u>–</u>	<u>–</u>

## 19. Ultimate controlling party

The controlling parties are Neil Rafferty and Paul Stokes.

## PART VIII

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP

The unaudited consolidated *pro forma* financial information set out below has been prepared to illustrate the effect of the Proposals on the net assets of the Company had they taken place on 30 June 2018. The unaudited consolidated *pro forma* financial information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Company's actual financial position or results. It may not, therefore, give a true picture of the Company's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The unaudited consolidated *pro forma* financial information has been prepared, for illustrative purposes only, in accordance with item 20.2 of Annex I and items 1 to 6 of Annex II of the Prospectus Directive Regulation.

The unaudited consolidated *pro forma* financial information has been compiled on the basis set out in the notes below.

	The Company as at 30 June 2018 £'000 Note 1	Digitalbox Publishing (Holdings) Limited and subsidiaries as at 30 June 2018 £'000 Note 2	Mashed Productions Limited as at 31 October 2018 £'000 Note 3	Adjustments Note 4	Unaudited Pro Forma £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	–	14	3	–	17
Intangible fixed assets	–	52	–	–	52
Deferred tax	–	57	–	–	57
Goodwill on consolidation	–	69	–	10,199	10,268
<b>Total non-current assets</b>	<b>–</b>	<b>192</b>	<b>3</b>	<b>10,199</b>	<b>10,394</b>
<b>Current assets</b>					
Cash and cash equivalents	361	244	84	(506)	183
Trade and other receivables	–	942	124	–	1,066
<b>Total current assets</b>	<b>361</b>	<b>1,186</b>	<b>208</b>	<b>(506)</b>	<b>1,249</b>
<b>Total assets</b>	<b>361</b>	<b>1,378</b>	<b>211</b>	<b>9,693</b>	<b>11,643</b>
<b>Liabilities</b>					
Trade and other payables	(7)	(156)	(44)	–	(207)
Deferred consideration	–	–	–	(50)	(50)
Corporation tax	–	(1)	(10)	–	(11)
Loans to connected party	–	(363)	–	200	(163)
<b>Total current liabilities</b>	<b>(7)</b>	<b>(520)</b>	<b>(54)</b>	<b>150</b>	<b>(431)</b>
<b>Non-current liabilities</b>					
Deferred consideration	–	–	–	(50)	(50)
<b>Net assets</b>	<b>354</b>	<b>858</b>	<b>157</b>	<b>9,793</b>	<b>11,162</b>

- The net assets of the Company have been extracted, without material adjustment, from the Company's interim results for the period ended 30 June 2018 which were published on 4 July 2018.
- The consolidated net assets of Digitalbox Publishing (Holdings) Limited and its subsidiaries (Digitalbox Publishing Limited and Digitalbox Publishing Inc) have been extracted, without material adjustment, from the relevant sections of Part VII (*Historical Financial Information on Digitalbox*) and consolidated accordingly as at 30 June 2018.
- The net assets of Mashed Productions, as at 31 October 2018, have been extracted, without material adjustment, from the historical financial information set out in Part VIII (*Historical Financial Information of Mashed Productions*).

4. The adjustments represent:
- An adjustment has been made to reflect the net proceeds of the issue of the Convertible Loan Notes, being the gross proceeds of £220,000 less costs of £11,000.
  - The net proceeds of the Placing and MCV Subscription of £270,000 are calculated on the basis that the Company raises £1,020,000 from the Placing and MCV Subscription, net of estimated aggregate expenses in connection with the Proposals of approximately £750,000 with approximately £115,000 being settled by way of the issue of the Adviser Shares.
  - the payment of the maximum cash consideration for the MP Acquisition of £1,000,000 less the MP deferred cash consideration of £100,000 which is payable in equal monthly instalments over a 24 month period following Second Admission.
  - Digitalbox Publishing (Holdings) Limited and its subsidiaries prior to First Admission will repay £200,000 of a connected party loan.
  - Goodwill arising on the DB acquisition, and the MP acquisition of £9,142,000 and £843,000 respectively.

5. The goodwill arising on the DB acquisition and the MP acquisition is calculated as follows:

	<i>DB Acquisition as at 30 June 2018 £'000</i>	<i>MP Acquisition as at 31 October 2018 £'000</i>
Consideration effectively paid for DB (146 shares at £68,493 per share. The consideration consists entirely of shares)	10,000	
The consideration consists of cash amounting up to £1,000,000 and £200,000 in the form of shares)*		1,200
Net assets and liabilities of DB and MP:	<u>858</u>	<u>157</u>
Goodwill arising on acquisition:	<u>9,142</u>	<u>1,057</u>

\* Of the maximum £1,000,000 cash consideration, up to £900,000 will be paid on the transaction date, with the remaining £100,000 being paid in 24 equal monthly instalments.

6. No adjustment has been made to reflect the trading results of the Company or Digitalbox since 30 June 2018 or of Mashed Productions since 31 October 2018.
7. This unaudited consolidated *pro forma* financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006. Shareholders should read the whole of this Admission Document and not solely rely on the financial information contained in this section.

## **PART IX**

### **TAXATION**

#### **1. Introduction**

The following paragraphs are intended as a general guide only to the UK tax position of Shareholders who are the beneficial owners of New Ordinary Shares in the Company who are UK tax resident and, in the case of individuals, domiciled in the UK for tax purposes and who hold their shares as investments (otherwise than under an individual savings account (“ISA”)) only and not as securities to be realised in the course of a trade.

Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their New Ordinary Shares in connection with their employment or as an office holder may be taxed differently and are not considered. Furthermore, the following paragraphs do not apply to:

- potential investors who intend to acquire New Ordinary Shares as part of a tax avoidance arrangement; or
- persons with special tax treatment such as pension funds or charities.

Any prospective purchaser of New Ordinary Shares who is in any doubt about their tax position or who is subject to taxation or domiciled in a jurisdiction other than the UK, should consult their own professional adviser immediately. Unless otherwise stated the information in this Part IX is based on current UK tax law and published HMRC practice as at the date of this document. Shareholders should note that tax law and interpretation can change (potentially with retrospective effect) 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.

#### **2. Income tax – taxation of dividends**

The taxation of dividends paid by the Company and received by a Shareholder resident for tax purposes in the UK is summarised below.

##### **(a) UK resident individuals**

UK resident individuals may, depending on their circumstances, be liable to UK income tax in respect of dividend income received from the Company.

Dividend income is subject to income tax as the top slice of the individual’s income and each UK resident individual will have, in the 2018/19 tax year, an annual dividend allowance in respect of the first £2,000 of any dividend income received in the tax year. This means that UK resident individual Shareholders will not have to pay tax on the first £2,000 of all dividend income they receive (although such income still counts towards the basic, higher and additional rate thresholds).

Dividends in excess of the dividend allowance will be taxed at the individual’s marginal rate of tax, with dividends falling within the basic rate band taxable at 7.5 per cent. (the “dividend ordinary rate”), those within the higher rate band taxable at 32.5 per cent. (the “dividend upper rate”) and those within the additional rate band taxable at 38.1 per cent. (the “dividend additional rate”).

##### **(b) UK discretionary trustees**

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

##### **(c) UK resident companies**

Shareholders that are bodies corporate resident in the UK for tax purposes, may (subject to anti-avoidance rules) be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends paid

by the Company from being chargeable to UK corporation tax. Such Shareholders should seek independent professional tax advice with respect to their tax position.

UK pension funds and charities are generally exempt from tax on dividends that they receive.

(d) **Non-UK residents**

Generally, non-UK residents will not be subject to any UK taxation in respect of UK dividend income. Non-UK resident Shareholders may be subject to tax on UK dividend income under any law to which that person is subject outside the UK. Non-UK resident Shareholders should consult their own professional tax advisers with regard to their liability to taxation in respect of the dividend.

(e) **Withholding tax**

Under current UK tax legislation no tax is withheld from dividends paid by the Company to Shareholders.

### **3. UK taxation of capital gains**

The following paragraphs summarise the tax position in respect to a disposal of New Ordinary Shares by a Shareholder resident for tax purposes in the UK.

To the extent that a Shareholder acquires New Ordinary Shares allotted to him, the amount paid for the New Ordinary Shares will generally constitute the base cost of the Shareholder's holding. A disposal of New Ordinary Shares by a Shareholder who is resident in the UK for UK tax purposes or who is not so resident but carries on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders who are UK tax resident or only temporarily non-UK tax resident, capital gains tax at the rate of 10 per cent. for basic rate taxpayers or 20 per cent. for higher or additional rate taxpayers may be payable on any gain (after any available exemptions, reliefs, personal annual exemption allowance or losses).

UK resident individual Shareholders who continuously hold their New Ordinary Shares for no less than three years from their issue date may, on a subsequent disposal of those New Ordinary Shares, qualify for "Investors' Relief". Investors' Relief was introduced in Finance Act 2016 which provides for a reduced rate of capital gains tax of 10 per cent. on gains realised on the disposal of certain ordinary shares, up to a lifetime limit of £10 millions of gains, subject to various conditions being met by both the individual investor and investee company.

The relevant qualifying conditions of Investors' Relief applying to the investee company are considered to be met by the Company and/or the Enlarged Group. However neither the Company, its Directors or advisors can guarantee that those conditions will be or will continue to be met throughout the required shareholding period.

For trustee Shareholders of a discretionary trust who are UK tax resident, capital gains tax at the rate of tax of 20 per cent. may be payable on any gain (after any available exemptions, reliefs or losses).

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains arising on a disposal of New Ordinary Shares, depending on the circumstances and subject to any available exemption, relief or losses. Corporation tax is charged on chargeable gains at the relevant corporation tax rates applicable to that company at the date of disposal.

No indexation allowance will be available to any UK resident Shareholders on the acquisition of New Ordinary Shares in the Company.

Non-UK resident Shareholders will not normally be liable to UK taxation on gains unless the Shareholder is trading in the UK through a branch, agency or permanent establishment and the New Ordinary Shares are used or held for the purposes of the branch, agency or permanent establishment.

#### **4. Stamp duty and stamp duty reserve tax (“SDRT”)**

No UK stamp duty or SDRT will be payable on the issue or allotment of New Ordinary Shares. Furthermore no UK stamp duty or SDRT will be payable on any subsequent transfers or agreements to transfer New Ordinary Shares by virtue of the exemption from UK stamp duty and SDRT as a result of AIM qualifying as a recognised growth market. This assumes the New Ordinary Shares are admitted to trading on AIM and are not listed on any other market (and being admitted to trading on AIM will not constitute a listing for these purposes).

The statements in the immediate preceding paragraph apply to any holders of New Ordinary Shares irrespective of their residence, and are a summary of the current position and are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate than that referred to above or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

#### **5. Inheritance tax**

Shares in AIM listed trading companies or holding company of a trading group may qualify for Business Property Relief for UK inheritance tax purposes.

## PART X

### INFORMATION ON THE CONCERT PARTY AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE TAKEOVER CODE

#### 1. Information on the Concert Party

The Concert Party is made up of 10 existing shareholders of DBPH who, by virtue of presumption 9 of the definition of acting in concert under the Code, whereby shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies, are presumed under the Code to be acting in concert. In addition, the Concert Party comprises M Capital Ventures, the DBPH Directors, parties associated closely to them, and Leander (and certain Leander employees) as a connected adviser. Details of the members of the Concert Party are shown below.

At the date of this document members of the Concert Party hold no Existing Ordinary Shares. Set out below is a table showing the potential interests of the members of the Concert Party in the New Ordinary Shares in issue on First Admission:

<i>Concert Party</i>	<i>Number of New Ordinary Shares on First Admission</i>	<i>Percentage of New Ordinary Shares on First Admission</i>	<i>Number of New Ordinary Shares subject to the DBPH Warrants or Adviser Warrants</i>	<i>Maximum number of New Ordinary Shares</i>	<i>Percentage of New Ordinary Shares on First Admission (assuming the DBPH Warrants held by David Marks and Martin Higginson and Adviser Warrants held by Leander have been exercised)</i>
Higginson Family	9,787,549	11.02	1,590,933	11,378,482	12.36
Sir Robin Miller	775,464	0.87	–	775,464	0.84
Dobbie Family	8,243,000	9.28	–	8,243,000	8.95
Napier Brown Holdings Limited	3,342,446	3.76	–	3,342,446	3.63
Hepworth Family	3,303,898	3.72	–	3,303,898	3.59
Leander and Leander Employees	1,439,555	1.62	112,857	1,552,412	1.69
David Marks	–	0.00	1,590,933	1,590,933	1.73
M Capital Ventures <sup>5</sup>	3,383,332	3.81	–	3,383,332	3.67
	<u>30,275,244</u>	<u>34.08</u>	<u>3,294,723</u>	<u>33,569,967</u>	<u>36.44</u>

- 1 All of the Higginson Family DB Consideration Shares will be held by Sam Higginson and all of the DBPH warrants will be held by Martin Higginson.
- 2 The Dobbie Family comprises William Dobbie and Leonie Dobbie who will hold 659,291 and 7,583,709 shares respectively.
- 3 The Hepworth Family comprises Paul Hepworth who holds 412,854 shares, John Hepworth who holds 2,478,190 shares and Mark Hepworth who holds 412,854 shares.
- 4 Alex Davies and Gareth Jones, directors of Leander hold 760,577 and 111,122 shares respectively. Leander will hold 112,857 Adviser Warrants and 567,856 New Ordinary Shares on First Admission.
- 5 The directors of M Capital Ventures include Martin Higginson and Sir Robin Miller.

The maximum controlling position of the Concert Party is 33,569,967 New Ordinary Shares representing 36.44 per cent. of the New Ordinary Shares in issue on First Admission. This is based on the following assumptions:

- completion of the DB Acquisition (resulting in the issue of the DB Consideration Shares);
- completion of the MCV Subscription Agreement (resulting in the issue of the MCV Subscription Shares);

- completion of the conversion of the Convertible Loan Notes (resulting in the issue of the Convertible Loan Note Shares);
- completion of the Placing and the MCV Subscription (resulting in the issue of the Placing Shares, the MCV Subscription Shares and the Adviser Shares);
- completion of the exercise of the Adviser Warrants held by Leander (resulting in the issue of New Ordinary Shares thereunder);
- completion of the exercise of the DBPH Warrants held by Martin Higginson and David Marks (resulting in the issue of New Ordinary Shares thereunder); and
- there being no other issue of shares, or conversion of Options or Adviser Warrants in the share capital of the Company.

## **2. Further disclosure regarding the Concert Party**

### **2.1 Definitions**

For the purposes of this Part X:

- (a) references to persons “acting in concert” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company. A person and each of its affiliated persons will be deemed to be acting in concert with each other. Without prejudice to the general application of this definition, the following persons will be presumed to be persons acting in concert with other persons in the same category unless the contrary is established:
  - (i) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
  - (ii) a company with any of its directors (together with their close relatives and related trusts);
  - (iii) a company with any of its pension funds and the pension funds of any company covered in (i);
  - (iv) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
- (b) an “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to Relevant Securities which may be an inducement to deal or refrain from dealing;
- (c) a “connected adviser” means an organisation which is advising the offeror or the offeree company;
- (d) “connected person” means in relation to any person a person whose interest in shares is one in which the first mentioned person is also taken to be interested pursuant to Part 2 of the Act;
- (e) “control” means a holding, or aggregate holdings, of shares in the capital of a company carrying 30 per cent. or more of the voting rights of such company, irrespective of whether the holding or holdings give de facto control;
- (f) “dealing or dealt” include:
  - (i) acquiring or disposing of Relevant Securities, the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights allocated to Relevant Securities or general control of Relevant securities;
  - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option in respect of any Relevant Securities;
  - (iii) subscribing or agreeing to subscribe for Relevant Securities (whether in respect of new or existing securities);
  - (iv) exercising or converting any Relevant Securities carrying conversion or subscription rights;

- (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying of, a derivative referenced directly or indirectly, to Relevant Securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell Relevant Securities; and
  - (vii) any other action resulting, or which may result, in an increase or decrease in the number of Relevant Securities in which a person is interested or in respect of which he has a short position;
- (g) “derivative” includes any financial product whose value in whole or in part is determined, directly or indirectly, by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;
  - (h) “disclosure date” means 6 February 2018, being the latest practicable date prior to the publication of this document;
  - (i) “disclosure period” means the period of 12 months ending on the disclosure date;
  - (j) an “exempt fund manager” means a person who manages investment accounts on a discretionary basis and is recognised by the Panel as an exempt fund manager for the purposes of the Code;
  - (k) an “exempt principal trader” means a person who is recognised by the Panel as an exempt principal trader for the purposes of the Code;
  - (l) being “interested” in Relevant Securities includes where a person (otherwise than through a short position):
    - (i) owns Relevant Securities; or
    - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to Relevant Securities or has general control over them; or
    - (iii) by virtue of an agreement to purchase, option or derivative, has the right or option to acquire Relevant Securities or to call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
    - (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
  - (m) “Relevant Securities” means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into rights to subscribe for and options (including traded options) in respect of any such securities; and
  - (n) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

## 2.2 **Relationship between the members of the Concert Party**

The Concert Party members and the rationale for their inclusion in the Concert Party are set out below:

<i>Member</i>	<i>Rationale</i>
Certain of the DBPH Shareholders	being the founders (and their family members) and early funders and closest supporters of the Digitalbox business
Leander employees	Alex Davies and Gareth Jones, being shareholders of DBPH and connected advisers by virtue of being a directors of Leander

## 2.3 **Interests of the Concert Party in the Company**

- (a) No member of the Concert Party is currently interested in any voting rights of the Company.

- (b) Save in respect of the MCV Subscription, no member of the Concert Party nor any member of his immediate family, related trusts or connected persons had an interest in or a right to subscribe for, or had any short position in relation to any Relevant Securities of the Company, nor had any such person dealt in such securities during the disclosure period.
- (c) Save for a subscription for 285,714 Placing Shares by Leander, no person acting in concert with the members of the Concert Party had an interest in or a right to subscribe for, or had any short position in relation to, any Relevant Securities of the Company, nor had any such person dealt in any such securities during the disclosure period.
- (d) No member of the Concert Party nor any person acting in concert with them had borrowed or lent any Relevant Securities of the Company, save for any borrowed shares which have either been on-lent or sold.

### 3. Middle market quotations

The following table sets out the middle market quotations for an Existing Ordinary Share, as derived from the AIM Appendix to the Daily Official List of London Stock Exchange, for the first business day of each of the six months immediately preceding the date of this document and for 7 February 2019 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Price per Existing Ordinary Share (p)</i>
1 August 2018	0.88
3 September 2018	0.70
1 October 2018	0.70*
1 November 2018	0.70*
2 December 2018	0.70*
2 January 2019	0.70*
7 February 2019	0.70*

\* Suspended

### 4. Additional disclosures required by the Code

At the close of business on the disclosure date, save as disclosed in this paragraph 4 of Part X of this document and paragraphs 9 or 11 of Part XI of this document:

- (a) none of the Company or the Existing Directors (including any members of such Existing Directors' respective immediate families, related trusts or connected persons) had any interest in or a right to subscribe for, or had any short position in relation to, any Relevant Securities of the DBPH;
- (b) no person acting in concert with the Company had any interest in, or right to subscribe for, or had any short position in relation to any Relevant Securities of the Company;
- (c) other than as set out in paragraph 9 of Part XI of this document, neither the Company nor any of the Existing Directors (including any members of such Existing Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to any Relevant Securities of the Company, nor has any such person dealt in any such securities during the disclosure period;
- (d) the Company has not redeemed or purchased any of its Relevant Securities during the disclosure period;
- (e) there were no arrangements which existed between the Company or any person acting in concert with the Company or any other person;
- (f) neither the Company nor any person acting in concert with the Company had borrowed or lent any Relevant Securities of the Company, save for any borrowed shares which have either been on-lent or sold;
- (g) no member of the Concert Party nor any person acting in concert with them has entered into an agreement, arrangement or understanding (including any compensation arrangement) with any of the

Existing Directors, recent directors, Shareholders, recent Shareholders or any other person interested or recently interested in Existing Ordinary Shares which are connected with or dependent upon the outcome of the Proposals; and

- (h) no member of the Concert Party has entered into agreement, arrangement or understanding to transfer any interest acquired in the Company, pursuant to the Proposals.

## **PART XI**

### **ADDITIONAL INFORMATION**

#### **1. Responsibility**

- 1.1 The Existing Directors and the Proposed Directors, whose names appear on page 9, and the Company accept individual and collective responsibility for the information contained in this document, including expressions of opinion, (other than information concerning the Concert Party and its intentions for which the Concert Party takes sole responsibility). To the best of the knowledge of the Existing Directors, Proposed Directors and the Company (who have each taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect its import.
- 1.2 Each member of the Concert Party, whose names are set out in paragraph 1 of Part X of this document, accepts responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of each member of the Concert Party (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2. The Company**

- 2.1 The Company was incorporated in England and Wales on 3 December 2002 with the name 'Kudosoption Public Limited Company' with registration number 04606754. The Company changed its name to:
- 2.1.1 'Ofex Holdings Plc' on 27 February 2003;
  - 2.1.2 'Plus Markets Group Plc' on 1 November 2004; and
  - 2.1.3 'Polemos Plc' on 27 November 2012.
- 2.2 Following the passing of the Resolutions, the Company intends to change its name to 'Digitalbox plc'.
- 2.3 On 28 February 2003 the Company obtained a certificate pursuant to section 117 of the Companies Act entitling it to trade and do business. The liability of the members of the Company is limited.
- 2.4 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares and Existing Deferred Shares have been created (and under which the New Ordinary Shares and New Deferred Shares will be created), is the Companies Act.
- 2.5 Immediately following Second Admission, the Company's principal activity will be that of a holding company of DBPH and MP, whose principal activities are within the digital publishing industry.
- 2.6 The Company's current registered office is located at 2 Chapel Court, London, England, SE1 1HH. The Company's telephone number is 077 8523 4447. Immediately following First Admission the Company's registered office will be Ground Floor, 2-4 Henry Street, Bath BA1 1JT and its telephone number will be 01225 430091.
- 2.7 The Company's website, at which the information required by the AIM Rules can be found is, <http://www.polemos.co.uk>. It is proposed that immediately following First Admission, the Company's website will be changed to [www.digitalbox.com](http://www.digitalbox.com).
- 2.8 The financial year end of the Company is 31 December.

#### **3. Share capital history**

- 3.1 On incorporation of the Company, the Company issued two ordinary shares of £1.00 each to the subscribers, equating to an issued share capital of two ordinary shares of £1.00 each.

- 3.2 On 21 February 2003 the Company sub-divided its existing ordinary share capital of two ordinary shares of £1.00 each into 40 ordinary shares of £0.05 each.
- 3.3 On 21 February 2003 the Company issued 160 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 200 ordinary shares of £0.05 each.
- 3.4 On 27 February 2003 the Company issued 9,999,800 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 10,000,000 ordinary shares of £0.05 each.
- 3.5 On 29 April 2003 the Company issued 5,789,844 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 15,789,844 ordinary shares of £0.05 each.
- 3.6 On 12 January 2004 the Company issued 5,742,857 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 21,532,701 ordinary shares of £0.05 each.
- 3.7 On 2 November 2004, the Company issued 63,000,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 84,532,701 ordinary shares of £0.05 each.
- 3.8 On 29 September 2005 the Company issued 50,000,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 134,532,701 ordinary shares of £0.05 each.
- 3.9 On 10 May 2006 the Company issued 45,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 134,577,701 ordinary shares of £0.05 each.
- 3.10 On 13 July 2006 the Company issued 35,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 134,612,701 ordinary shares of £0.05 each.
- 3.11 On 8 January 2007 the Company issued 178,571,429 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 313,184,130 ordinary shares of £0.05 each.
- 3.12 On 17 May 2007 the Company issued 700,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 313,884,130 ordinary shares of £0.05 each.
- 3.13 On 6 July 2007 the Company issued 800,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 314,684,130 ordinary shares of £0.05 each.
- 3.14 On 1 June 2009 the Company issued 1,890,000 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 316,574,130 ordinary shares of £0.05 each.
- 3.15 On 25 September 2009 the Company issued 70,333,334 ordinary shares of £0.05 each, credited as fully paid, bringing the issued share capital of the Company to 386,907,464 ordinary shares of £0.05 each.
- 3.16 On 21 November 2012 the Shareholders passed a resolution that each issued and unissued ordinary share of £0.05 each in the capital of the Company be sub-divided and converted into:
  - 3.16.1 one ordinary share of £0.0001 in the capital of the Company, having the same rights and being subject to the same restrictions as the existing ordinary shares; and
  - 3.16.2 one Existing Deferred Share in the capital of the Company, having the rights and being subject to the restrictions attached to them.
- 3.17 On 4 June 2014 the Company issued 500,000,000 ordinary shares of £0.0001 each, credited as fully paid, bringing the issued share capital of the Company to 886,907,464 ordinary shares of £0.0001 each and 386,907,464 Existing Deferred Shares.

- 3.18 On 18 February 2016 the Company issued 200,000,000 ordinary shares of £0.0001 each, credited as fully paid, bringing the issued share capital of the Company to 1,086,907,464 ordinary shares of £0.0001 each and 386,907,464 Existing Deferred Shares.
- 3.19 On 11 April 2016 the Company issued 437,500,000 ordinary shares of £0.0001 each, credited as fully paid, bringing the issued share capital of the Company to 1,524,407,464 ordinary shares of £0.0001 each and 386,907,464 Existing Deferred Shares.
- 3.20 On 15 February 2017 the Company issued 1,414,285,714 ordinary shares of £0.0001 each, credited as fully paid, bringing the issued share capital of the Company to 2,938,693,178 ordinary shares of £0.0001 each and 386,907,464 Existing Deferred Shares.
- 3.21 On 18 July 2017 the Company issued 2,222,222,222 ordinary shares of £0.0001 each, bringing the issued share capital of the Company to 5,160,915,400 ordinary shares of £0.0001 each and 386,907,464 Existing Deferred Shares.
- 3.22 On 8 March 2018 the Company issued 2,700,000,000 ordinary shares of £0.0001 each, bringing the issued share capital of the Company to 7,860,915,400 ordinary shares of £0.0001 each and 386,907,464 Existing Deferred Shares.
- 3.23 On 18 May 2018 the Shareholders passed a resolution to consolidate the 7,860,915,400 ordinary shares of £0.0001 each to 78,609,154 Existing Ordinary Shares.
- 3.24 On 18 May 2018 the Company issued 25,454,545 Existing Ordinary Shares, bringing the issued share capital of the Company to 104,063,699 Existing Ordinary Shares and 386,907,464 Existing Deferred Shares.
- 3.25 On 5 June 2018 the Company issued 14,015,394 Existing Ordinary Shares, bringing the issued share capital of the Company to 118,079,093 Existing Ordinary Shares and 386,907,464 Existing Deferred Shares.

#### 4. Enlarged Group structure

As at the date of Second Admission and following completion of the Acquisitions, the Company will own the entire issued share capital of the following directly and indirectly wholly-owned subsidiaries:

<i>Subsidiary</i>	<i>Percentage of issued share capital held</i>
Digitalbox Publishing (Holdings) Limited	100
Digitalbox Publishing Limited	100*
Digitalbox Publishing Inc.***	100**
Mashed Productions Limited	100

\*share capital held via DBPH

\*\*share capital held via DBP

\*\*\*Incorporated in the United States of America

#### 5. Share capital

5.1 The following table shows the issued and fully paid shares of the Company at the date of this document:

Issued and credited as fully paid

<i>Class of share</i>	<i>Number</i>	<i>Amount Paid up (£)</i>
Existing Ordinary Shares	118,079,093	1,180,790.93
Existing Deferred Shares	386,907,464	19,306,682.50

- 5.2 Assuming that the Placing is fully subscribed and that the Share Reorganisation is approved, the issued and fully paid shares of the Company immediately following Admission are expected to be as shown in the following table:

Issued and credited as fully paid

<i>Class of share</i>	<i>Number</i>	<i>Amount Paid up (£)</i>
New Ordinary Shares on First Admission	88,823,155	888,231.55
New Ordinary Shares on Second Admission	90,251,726	902,517.26
New Deferred Shares	112,176,000	1,121,760
Existing Deferred Shares	386,907,464	19,306,682.50

- 5.3 In order to effect the Share Reorganisation it is proposed that prior to the Share Reorganisation the Company issue 907 Ordinary Shares at nominal value which will result in the issued ordinary share capital amounting to 118,080,000 Ordinary Shares.

- 5.4 Save as disclosed in this document, as at the date of this document, the Company will have no short, medium or long term indebtedness.

- 5.5 Save as disclosed in paragraph 5.6 of this Part XI and in paragraph 17 (*Share Options*) of Part I (*Letter from the Chairman*) of this document, as at the date of this document and immediately following Second Admission, no person will hold options over any Existing Ordinary Shares or New Ordinary Shares or other securities in the capital of the Company.

- 5.6 As at the date of First Admission, the following share options over the Company's unissued share capital remain exercisable in respect of 160,000 Existing Ordinary Shares held by Donald Strang and David Lenigas (exercisable at 20 pence per Ordinary Share equivalent, following completion of the Share Reorganisation, to 8,000 New Ordinary Shares at an exercise price of 400 pence per New Ordinary Share). Such options expire on 31 December 2020.

- 5.7 The Resolutions proposed at the General Meeting will, *inter alia*, if passed:

- 5.7.1 authorise the Directors, conditional on First Admission, for the purposes of section 551 of the Companies Act to allot relevant securities of the Company Act as follows:

- 5.7.1.1 up to an aggregate nominal amount of £741,489.17 in respect of the Consideration Shares;
- 5.7.1.2 up to an aggregate nominal amount of £56,428.58 in respect of the Placing;
- 5.7.1.3 up to an aggregate nominal amount of £20,952.38 in connection with the issue of the Convertible Loan Notes;
- 5.7.1.4 up to an aggregate nominal amount of £1,692.85 in connection with the Adviser Warrants; and
- 5.7.1.5 up to an aggregate nominal amount of £45,457.80 in connection with the Warrant Acquisition Agreement; and
- 5.7.1.6 up to an aggregate nominal amount of £8,178.56 in connection with the Adviser Shares;
- 5.7.1.7 up to an aggregate nominal amount of £16,428.57 in connection with the MCV Subscription Agreement; and
- 5.7.1.8 other than pursuant to sub-paragraphs 5.7.1.1 to 5.7.1.7 above, up to one third of the Enlarged Ordinary Share Capital following Second Admission,

with such authorisation expiring at the earlier of the Company's next annual general meeting and 26 February 2020 (unless previously renewed, varied or revoked by the Company in a general meeting); and

- 5.7.2 authorise the Directors, subject to the passing of the resolution summarised in paragraph 5.7.1 of this Part XI, to allot equity securities of the Company:

- 5.7.2.1 pursuant to the authority summarised in paragraph 5.7.1.1 to 5.7.1.7;

5.7.2.2 pursuant to the authority set out in 5.7.1.8, up to 15 per cent. of the Enlarged Ordinary Share Capital following Second Admission,

as if section 561(1) of the Act did not apply to those allotments, that authorisation expiring at the earlier of the Company's next annual general meeting and 26 February 2020 (unless previously renewed, varied or revoked by the Company in a general meeting).

5.8 Save as disclosed in this document:

5.8.1 no share or loan capital of the Company has been issued or is proposed to be issued;

5.8.2 no person has any preferential subscription rights for any shares of the Company;

5.8.3 no share or loan capital of the Company is unconditionally to be put under option; and

5.8.4 no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

5.9 All Ordinary Shares in issue at the date of this document are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of shares in any class in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where New Ordinary Shares are to be held in certificated form, share certificates will be sent to the respective Shareholders by first-class post.

5.10 Pursuant to section 630 of the Companies Act and the provisions of the Articles, the rights attaching to the New Ordinary Shares may be amended or varied following the passing of a special resolution of the members. The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the Companies Act.

5.11 The provisions of section 561(1) of the Companies Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash otherwise by way of allotment to employees under an employees' share scheme as defined in section 1166 of the Companies Act) apply to the issue of New Ordinary Shares except to the extent that such provisions have been disapplied as referred to in paragraph 5.7 above.

5.12 The New Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared thereafter, made or paid on the ordinary share capital of the Company.

5.13 Whilst disclosure of shareholdings is not a requirement of the New Articles, Rule 17 of the AIM Rules makes provisions regarding notification of certain shareholders and holdings of financial instruments. Where a person holds three per cent. or more of the voting rights in any class of AIM security, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent. The requirement to notify also applies where a person is an indirect shareholder and can acquire, dispose of or exercise voting rights in certain cases.

5.14 The currency of the issue is pounds sterling.

5.15 The Company does not, nor does any member of the Enlarged Group, hold any share capital as treasury shares. No member of the Enlarged Group holds any Ordinary Shares.

## **6. Articles of Association of the Company**

6.1 Set out below is a summary of the provisions of the New Articles proposed to be adopted if the Resolutions proposed at the General Meeting are passed:

### **6.1.1 Objects**

Pursuant to section 31 of the Companies Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.

### 6.1.2 **Liability**

The liability of the Shareholders is limited to the amount, if any, unpaid on the New Ordinary Shares respectively held by them.

### 6.1.3 **Share capital**

The Company's share capital will consist of New Ordinary Shares, Existing Deferred Shares and New Deferred Shares.

The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

The Company may at any time redeem all or any Deferred Shares or appoint someone on behalf of the holder of any Deferred Shares to enter into an agreement to transfer those shares. In such cases the price of the Deferred Shares shall not exceed the nominal value of the Deferred Shares.

In relation to the Deferred Shares, the holders of Deferred Shares are not entitled to:

- 6.1.3.1 receive any dividend or other distribution;
- 6.1.3.2 receive notice of or to attend or vote at any general meeting of the Company;
- 6.1.3.3 receive any part of the assets of the Company on a return of capital on a winding up of the Company (whether voluntary or under supervision or compulsory);
- 6.1.3.4 participate any further in the capital of the Company; and
- 6.1.3.5 a share certificate.

### 6.1.4 **Alteration of share capital**

The Company may exercise the powers conferred by the applicable statutory provisions to:

- 6.1.4.1 increase its share capital by allotting new shares;
- 6.1.4.2 reduce its share capital, any capital redemption reserve and any share premium account in any way;
- 6.1.4.3 subdivide or consolidate and divide all or any of its share capital;
- 6.1.4.4 redenominate all or any of its shares and reduce its share capital in connection with such redenomination;
- 6.1.4.5 issue redeemable shares; and
- 6.1.4.6 purchase all of any of its own shares including any redeemable shares.

### 6.1.5 **Voting**

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

### 6.1.6 **Dividends**

The Company may, subject to the provisions of the Companies Act and the New Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the directors. Subject to the provisions of the Companies Act in so far as, in the directors' opinions, the Company's profits justify such payments, the directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the directors resolve, be forfeited and revert to the Company. The

Company does not pay interest on any dividend unless otherwise provided by the terms on which the shares were issued or the provision of another agreement.

#### 6.1.7 **Transfer of New Ordinary Shares**

Save as described below, the New Ordinary Shares are freely transferable.

Each member may transfer all or any of his 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 member may transfer all or any of his shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

- (i) it is for a share which is fully paid up;
- (ii) it is for a share upon which the Company has no lien;
- (iii) it is only for one class of share;
- (iv) it is in favour of a single transferee or no more than four joint transferees;
- (v) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and
- (vi) it is delivered for registration to the registered office of the Company (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

#### 6.1.8 **Allotment of shares and pre-emption rights**

Subject to the Companies Act and the New Articles and in accordance with section 551 of the Companies Act, the directors shall be generally and unconditionally authorised to exercise for each prescribed period, all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant special resolution passed pursuant to section 561 of the Companies Act, authorising such allotment.

Under and within the terms of the said authority or otherwise in accordance with section 570 of the Companies Act, the directors shall be empowered during each prescribed period to allot equity securities (as defined in the Companies Act), wholly for cash:

- (i) in accordance with a rights issue (as defined in the New Articles); or
- (ii) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the amount stated in the relevant ordinary or special resolution passed pursuant to section 551 of the Companies Act, authorising such allotment.

#### 6.1.9 **Directors**

Unless otherwise determined by the Company by ordinary resolution, the number of directors (other than any alternate directors) shall not be less than two, but there shall be no maximum number of directors.

Subject to the New Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a director and the Board shall have power at any time

to appoint any person who is willing to act as a director, in both cases either to fill a vacancy or as an addition to the existing Board.

At every subsequent annual general meeting any director who:

- (i) has been appointed by the directors since the last annual general meeting; or
- (ii) was not appointed or re-appointed at one of the preceding three annual general meetings,

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the New Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors.

The quorum for a directors' meeting shall be fixed from time to time by a decision of the directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

The directors shall be entitled to receive such remuneration as the directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the directors must not exceed £250,000.00 or such higher amount as may from time to time be decided by ordinary resolution of the Company. The directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the New Articles, authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

- (i) to the extent permitted by the Companies Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of the New Articles;
- (ii) any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted director and any other conflicted director; and
- (iii) the matter is agreed to without the conflicted director voting or would be agreed to if the conflicted director's and any other interested director's vote is not counted.

#### 6.1.10 **General meetings**

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business

of the meeting. Save as otherwise provided by the New Articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

6.1.11 Subject to these New Articles and the Companies Acts, the Board may exercise all the powers of the Company to:

- (i) borrow money;
- (ii) indemnify and guarantee;
- (iii) mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;
- (iv) create and issue debentures and other securities; and
- (v) give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company so as to ensure that the aggregate amount of such borrowings (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 (as defined in the New Articles).

#### 6.1.12 **Capitalisation of profits**

The directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

#### 6.1.13 **Indemnity**

As far as the Companies Act allows, the Company may:

- 6.1.13.1 indemnify any director of the Company (or of an associated body corporate) against any liability;
- 6.1.13.2 indemnify any director of a company that is a trustee of an occupational pension scheme for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the company's activities as trustee of the scheme;
- 6.1.13.3 purchase and maintain insurance against any liability for any director referred to in (i) or (ii) above; and
- 6.1.13.4 provide any director referred to in (i) or (ii) above with funds (whether by loan or otherwise) to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

#### 6.1.14 **Return of capital**

On a winding up of the Company, the Company's assets available for distribution will be divided among the members in proportion to the nominal amount paid up in respect of the shares held by them, subject to any rights attached to any shares. The liquidator may divide among the members in kind the whole or any part of the Company's assets. The liquidator may set the value he deems fair on any property of the Company and determine how the division is to be carried out between members or classes of members of the Company. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

#### 6.1.15 **Uncertificated shares**

Subject to the Companies Act, the directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

#### 6.1.16 **Power to convert New Ordinary Shares**

In the event a Shareholder owes a liability to the Company and such liability is agreed with the Company as to (1) the quantum of such liability and (2) the number of New Ordinary Shares that may be converted into New Deferred Shares in satisfaction of such liability, then within no more than 10 days after such determination of share conversion, the relevant New Ordinary Shares shall be converted and reclassified as New Deferred Shares.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertificated share or otherwise to enforce a lien in respect of it.

### **7. Directorships and partnerships**

In addition to their directorships of the Company, the Directors are, or have been, members of the administrative, management or supervisory bodies ("**directorships**") or partners of the following companies or partnerships, at any time in the five years prior to the date of this document.

#### **Existing Directors and Proposed Directors:**

##### **Existing Directors**

##### **John Michael Treacy**

###### *Current directorships and partnerships*

Ananda Developments plc  
Eight Capital Partners plc  
Epsilon Capital Limited  
Imaginatik plc  
Prefcap Limited  
YTC Consultancy Services Ltd  
Sport Capital Group plc  
Sport Capital Group Limited  
Photonstar LED Group PLC

###### *Former directorships and partnerships*

Central Rand Gold Limited  
China Sports Development Limited  
Palermo Football Club S.p.A.  
Pineapple Power Corporation plc  
South African Property Opportunities plc  
Sport Capital Group Investments Limited  
U.S. Città di Palermo S.p.A.

##### **Dr Nigel John Burton**

###### *Current directorships and partnerships*

ASD Visual Aids Ltd  
Gyrometric Systems Limited  
Highbec Limited  
Remote Monitored Systems plc  
SenseToys Limited  
Strat Aero International Limited  
Wasdale Head Inn Limited  
Wasdale Head Limited

###### *Former directorships and partnerships*

Management Resource Solutions plc  
New Day Energy Indonesia Limited  
Nu-Oil and Gas plc  
Procurement Services (Delaware) Inc.

## **Proposed Directors**

### **Sir Robert (“Robin”) William Miller**

#### *Current directorships and partnerships*

Bikesport New.com Limited  
Brave Bison Group PLC  
Crash Media Group Limited  
Dennis Maps Limited  
Digitalbox Publishing (Holdings) Limited  
Gruppo Media Limited  
Immotion Group plc  
M Capital Ventures Limited  
Premier Education Group PLC  
Robin Miller Consultants Limited  
The Golf Foundation  
Tristar Communications Limited  
Widford Press Limited

#### *Former directorships and partnerships*

Amistha Holdings Limited  
Butler, Tanner & Dennis Holdings Limited (dissolved)  
Butler, Tanner & Dennis Limited (dissolved)  
Butler, Tanner & Dennis Maps Limited (dissolved)  
East of England Showground Services Limited  
IBIS Media VCT 1 PLC (in liquidation)  
Riders For Health (dissolved)  
Stradbrook Acquisitions (Holdings) Limited  
The Philanthropy Foundation Limited  
Time Out Group plc

### **James Alexander Carter**

#### *Current directorships and partnerships*

Digitalbox Publishing Limited  
Digitalbox Publishing (Holdings) Limited

#### *Former directorships and partnerships*

Factory Media Limited  
Made From Media Ltd. (dissolved)

### **James (“Jim”) Robert Douglas**

#### *Current directorships and partnerships*

Digitalbox Publishing Limited  
Digitalbox Publishing (Holdings) Limited

#### *Former directorships and partnerships*

Future Publishing Limited

### **Martin James Higginson**

#### *Current directorships and partnerships*

Britten House Limited  
Digitalbox Innovations Ltd  
Digitalbox Publishing (Holdings) Limited  
Ellel Garden Village LLP  
Immotion Studios Limited  
Immotion Group PLC  
Immotion VR Limited  
M Capital Investment Partners Limited  
M Capital Investment Partners (Holdings) Limited  
M Capital Management Limited  
M Capital Nominees LLP  
M Capital Ventures Limited  
M Capital (West Halkin) Limited  
Miaccom Developments Limited  
Miaccom Limited  
Netperform Limited  
Studio Liddell Limited  
The Broadway (SPV) Limited  
VR Acquisition (Holdings) Limited

#### *Former directorships and partnerships*

Armco Development Limited (dissolved)  
Conkwell Grange Estate (SPV) LLP  
Digitalbox.Labs Limited (dissolved)  
Digitalbox Network Limited (dissolved)  
Digitalbox Publishing Limited  
Elms Hall (SPV) Limited (dissolved)  
Gamesko Limited  
Hindley Investments Limited (dissolved)  
Interactive Digital Entertainment (UK) Limited (dissolved)  
M Capital Developments Limited (dissolved)  
MIM1 Limited (dissolved)  
MIM2 Limited (dissolved)  
MIM3 Limited (dissolved)  
MIM4 Limited (dissolved)  
SDE Digital Entertainment Group Limited  
SDE Digital Entertainment Holdings Limited  
SDE Digital Entertainment Limited  
Triangle Investments (Lancaster) LLP (dissolved)  
Voucherbag.com Limited (dissolved)  
VRZONE Limited (dissolved)

## David Joseph

### *Current directorships and partnerships*

Beacon Events Management Limited  
Integral 2 Limited  
Wasted Talent Limited (*shadow director*)

### *Former directorships and partnerships*

Aspermont Media Limited  
Boat International Group Limited  
Fastminds Limited (dissolved)  
Industry Insider Limited (dissolved)  
MTL Media Limited  
Range Records Limited  
The Information Industry Network Limited  
Urban Media Europe Limited

## 8. Directors' confirmations

- 8.1 The Directors have held the following directorships in companies that have been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into 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:

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
Sir Robin William Miller	Butler, Tanner & Dennis Holdings Limited	Dissolved on 31 January 2017 via an application for voluntary strike-off
Sir Robin William Miller	Butler, Tanner & Dennis Holdings Limited	Dissolved on 28 May 2017 via an application for voluntary strike-off
Sir Robin William Miller	Entertainment Rights plc	Dissolved on 30 December 2010 via an administration
Sir Robin William Miller	Butler, Tanner & Dennis Maps Limited	Dissolved on 28 March 2017 via a liquidation with no sums remaining owing to creditors
Sir Robin William Miller	IBIS Media VCT 1 PLC	In the process of being liquidated via an application for members voluntary winding up dated 18 January 2018
Sir Robin William Miller	Riders for Health	In the process of being liquidated via an application for members voluntary winding up dated 22 June 2009
Sir Robin William Miller	Sentana Sports Holdings Limited	Entered administration on 23 June 2009
Martin James Higginson	Armco Development Limited	Dissolved on 12 May 2015 via an application for voluntary strike-off
Martin James Higginson	Digitalbox.Labs Limited	Dissolved on 8 March 2016 via an application for voluntary strike-off
Martin James Higginson	Digitalbox Network Limited	Dissolved on 8 March 2016 via an application for voluntary strike-off
Martin James Higginson	Elms Hall (SPV) Limited	Dissolved on 29 March 2016 via a liquidation

<i>Director(s)</i>	<i>Company</i>	<i>Details</i>
Martin James Higginson	Interactive Digital Entertainment (UK) Limited	Dissolved on 8 November 2013 via an application for voluntary strike-off
Martin James Higginson	M Capital Developments Limited	Dissolved on 5 June 2018 via an application for voluntary strike-off
Martin James Higginson	MIM1 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin James Higginson	MIM2 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin James Higginson	MIM3 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin James Higginson	MIM4 Limited	Dissolved on 16 September 2014 via an application for voluntary strike-off
Martin James Higginson	Triangle Investments (Lancaster) LLP	Dissolved on 23 October 2018 via an application for voluntary strike-off
Martin James Higginson	Voucherbag.com Limited	Dissolved on 13 October 2015 via an application for voluntary strike-off
Martin James Higginson	VRZONE Limited	Dissolved on 11 September 2018 via an application for voluntary strike-off
James Alexander Carter	Made from Media Ltd.	Dissolved on 4 October 2016 via an application for voluntary strike-off
David Joseph	Fastminds Limited	Dissolved on 29 November 2016 via an application for voluntary strike-off
David Joseph	Industry Insider Limited	Dissolved on 16 January 2018 via an application for voluntary strike-off

8.2 Save as set out in this document and as at the date of this document, no Director:

8.2.1 has any unspent convictions in relation to indictable offences;

8.2.2 has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;

8.2.3 has been a director of any company which, while he was a director or within 12 months after he ceases to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;

8.2.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceases to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;

8.2.5 has had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or

8.2.6 has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

## **9. Directors' interests**

9.1 The table below sets out the interests that the Directors have or will have on or following Second Admission in the share capital of the Company, together with details of the amount and percentage of immediate dilution, if any, of their interests in the capital of the Company as a result of the Proposals:

<i>Director or Proposed Director</i>	<i>No. of Existing Ordinary Shares as at date of this document</i>	<i>Percentage of Existing Ordinary Shares as at date of this document</i>	<i>Number of New Ordinary Shares on Second Admission</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
John Treacy	–	–	–	–
Nigel Burton	11,830,835	10.02	591,500	0.66
James Carter <sup>1</sup>	–	–	10,908,079	12.09
Jim Douglas <sup>1</sup>	–	–	10,908,079	12.09
Martin Higginson <sup>2, 3</sup>	–	–	–	–
David Joseph	–	–	–	–
Sir Robin Miller <sup>3</sup>	–	–	775,465	0.86
	<u>11,830,835</u>	<u>10.02</u>	<u>23,183,123</u>	<u>25.70</u>

<sup>1</sup> Each of James Carter and Jim Douglas hold Management Options which, upon exercise, will result in the issue by the Company of 1,504,404 New Ordinary Shares pursuant to the Share Option Scheme.

<sup>2</sup> Martin Higginson holds DBPH Warrants which, upon exercise, will result in the issue by the Company of 1,590,933 New Ordinary Shares pursuant to the Warrant Acquisition Agreement.

<sup>3</sup> Martin Higginson and Sir Robin Miller are directors of M Capital Ventures which will hold 3,383,332 New Ordinary Shares on Second Admission.

9.2 As at 7 February 2019, Digitalbox Publishing is owed:

9.2.1 £85,000 from James Carter; and

9.2.2 £85,000 from Jim Douglas,

each being a Proposed Director, a director of DBPH and a director of DBP, pursuant to director loan agreements entered into on 15 May 2017 (as amended with effect from 7 February 2019 by deeds of variation entered into on 7 February 2019).

9.3 Save as set out in paragraph 9.2 above, there are no loans made or guarantees granted or provided by any member of the Enlarged Group to or for the benefit of any Director.

9.4 Save as disclosed in this document, none of the Directors has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

9.5 Save as disclosed in this document, no Director is or has been interested 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 or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.

9.6 None of the Directors or members of their family has a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the New Ordinary Shares.

9.7 Pursuant to the terms of the DB Acquisition Agreement, Nigel Burton and John Treacy will be paid, in aggregate, £14,874.31 immediately following First Admission.

## **10. Directors' service agreements and letters of appointment**

### **10.1 Executive Directors' service agreements**

10.1.1 The Company and James Carter have entered into a service agreement dated 7 February 2019, conditional on First Admission, and the passing of Resolution 7, whereby James Carter was appointed as Chief Executive Officer with effect from 28 February 2019. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least six months' written notice. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to James Carter. The basic annual salary payable to James Carter is £120,000 per annum to be reviewed annually by the Remuneration

Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash in such amounts and at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of James' employment. James Carter is deemed to have continuous service with the Company dating back to 1 February 2016.

James Carter is entitled to participate in any benefits provided by the Company from time to time including life assurance at five times his salary. He will remain on full pay during sickness absence for up to 130 days in any 12 month period.

10.1.2 The Company and Jim Douglas have entered into a service agreement dated 7 February 2019, conditional on First Admission, and the passing of Resolution 8, whereby Jim Douglas was appointed as Chief Operating Officer with effect from 28 February 2019. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least 6 months' written notice. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to Jim Douglas. The basic annual salary payable to Jim Douglas is £120,000 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme and the Company may, at its discretion, pay the Director a bonus, satisfied via cash in such amounts and at such times as may be determined by the Remuneration Committee. In addition, the Director is entitled to 30 days' holiday entitlement each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of Jim's employment. Jim Douglas is deemed to have continuous service with the Company dating back to 1 February 2016. Jim Douglas is entitled to participate in any benefits provided by the Company from time to time including life assurance at five times his salary. He will remain on full pay during sickness absence for up to 130 days in any 12 month period.

10.1.3 The Company and David Joseph have entered into a service agreement dated 7 February 2019, conditional on First Admission, and the passing of Resolution 10, whereby David Joseph was appointed as Chief Financial Officer with effect from 28 February 2019. The service agreement is for an initial fixed term of 12 months and thereafter may be terminated by either party serving at least six months' written notice. David is employed on a part time basis working five days in each calendar month. The service agreement contains provisions for the Company to terminate the agreement immediately and without any notice following the payment in lieu of notice to David Joseph. The basic annual salary payable to David Joseph is £40,000 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). The Director is entitled to participate in the Company's share option scheme. In addition, the Director is entitled to 7.5 days' holiday entitlement each calendar year. The service agreement contains restrictive covenants for a period of 12 months following the termination of David's employment. David is permitted to continue running his own business, Integral 2 Limited, whilst working for the Company. David is entitled to participate in any benefits provided by the Company from time to time including Life Assurance at five times his salary. He will remain on full pay during sickness absence for up to 30 days in any 12 month period.

## 10.2 **Non-Executive Directors' Letters of Appointment**

10.2.1 The Company and Sir Robin Miller have entered into a letter of appointment dated 7 February 2019, conditional on First Admission, and the passing of Resolution 6, whereby Sir Robin was appointed as a Non-Executive Chairman of the Company. The appointment is for an initial fixed term of 12 months commencing on First Admission, subject to Sir Robin offering himself up for re-election at the Company's first annual general meeting following First Admission. The appointment may be terminated by either party giving one months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic

annual fee payable to Sir Robin Miller is £30,000 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same). Sir Robin's fee of £30,000 is split as follows: £15,000 is payable under the Non-Executive Letter of Appointment and a further £15,000 is payable under a Consultancy Agreement between the Company and Robin Miller Consultants Limited ('RMCL'). The Consultancy Agreement can be terminated by the Company without notice. RMCL must give three months' notice to terminate the Consultancy Agreement.

- 10.2.2 The Company and Nigel Burton have entered into a letter of appointment dated 7 February 2019, conditional on First Admission, to replace his existing arrangements with the Company. The appointment is for an initial fixed term of 12 months commencing on First Admission, subject to Nigel offering himself up for re-election at the Company's first annual general meeting following First Admission and may be terminated by either party giving one months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to Nigel is £20,000 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same).
- 10.2.3 The Company and Martin Higginson have entered into a letter of appointment dated 7 February 2019, conditional on First Admission and the passing of Resolution 9, whereby Martin Higginson was appointed as a Non-Executive Director of the Company. The appointment is for an initial fixed term of 12 months commencing on First Admission, subject to Martin offering himself up for re-election at the Company's first annual general meeting following First Admission and may be terminated by either party giving one months' written notice. The agreement contains provisions for early termination in the event, *inter alia*, of a serious or repeated breach of the agreement by the Director or where the Director is disqualified from acting as a director of the Company for whatever reason. The basic annual fee payable to Martin Higginson is £12,000 per annum to be reviewed annually by the Remuneration Committee (without any obligation to increase the same).
- 10.3 The appointment of each Non-Executive Director will terminate without any entitlement to compensation if he is not elected or re-elected at an annual general meeting of the Company at which he retires and offers himself up for re-election, he is required to vacate office for any reason pursuant to any provisions of the New Articles, or he is removed as a director or otherwise required to vacate office under any applicable law.
- 10.4 None of the Executive Director service contracts or Non-Executive Director letters of appointment and key staff employment contracts provide for benefits upon termination of employment.
- 10.5 The date of appointment to the Board for each of the Existing Directors was as follows:
- 10.5.1 John Treacy – 15 May 2018 (resigned with effect from and conditional on First Admission)
- 10.5.2 Nigel Burton – 15 May 2018
- 10.6 Each of the Proposed Directors will be appointed to the Board with effect from First Admission subject to the passing of the Resolutions.
- 10.7 Save for Nigel Burton who will be entering into a new letter of appointment conditional on First Admission, there are no service contracts or letters of appointment that have been entered into or amended within the six months preceding the date of this document. Under the terms of his existing letter of appointment, Nigel Burton receives a remuneration of £24,000 per annum. Under his new letter of appointment, details of which are set out in paragraph 10.2.2 above, Nigel Burton will receive remuneration of £20,000 per annum. As noted in paragraph 8 of Part I ("*Letter from the Chairman*"), John Treacy will stand down from the Board with effect from, and subject to, First Admission.

## 11. Major Shareholders and other interests

- 11.1 Save as disclosed in paragraph 9.1 above and this paragraph 11.1 the Company is not aware of any interest in the Company's ordinary share capital which amounts or would, immediately following Second Admission, amount to three per cent. or more of the Company's issued ordinary share capital other than the following

<i>Shareholder</i>	<i>No. of Ordinary Shares as at date of this document</i>	<i>Percentage of issued Existing Ordinary Shares as at date of this document</i>	<i>Number of New Ordinary Shares on Second Admission</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
Barclays Direct Investing Nominees Limited	15,173,796	12.85	758,625	0.84
Hargreaves Lansdown (Nominees) Limited	12,682,567	10.74	634,125	0.70
Nigel Burton	11,830,835	10.02	591,500	0.66
JIM Nominees Limited	8,954,002	7.58	447,625	0.50
Mr Kavi Narendra Dhana	7,823,990	6.63	391,125	0.43
Interactive Investor Services Nominees Limited	6,833,441	5.79	341,625	0.38
Interactive Investor Services Nominees Limited	6,147,176	5.21	307,250	0.34
Vidacos Nominees Limited	6,078,788	5.15	303,875	0.34
Alliance Trust Savings Nominees Ltd	4,819,258	4.08	240,875	0.27
Hargreaves Lansdown (Nominees) Limited	4,809,075	4.07	240,375	0.27
Neil Scott	4,750,000	4.02	237,500	0.26
Lawshare Nominees Limited	4,273,924	3.62	213,625	0.24
James Carter	–	–	10,908,079	12.09
Jim Douglas	–	–	10,908,079	12.09
Sam Higginson	–	–	9,787,549	10.84
Leonie Dobbie	–	–	7,583,709	8.40
M Capital Ventures Limited	–	–	3,383,332	3.81
Napier Brown Holdings Limited	–	–	3,342,447	3.70
	<u>94,176,851</u>	<u>79.76</u>	<u>47,237,988</u>	<u>52.34</u>

- 11.2 Save as disclosed in this document, as at 7 February 2019 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 11.3 Those interested, directly or indirectly, in three per cent. or more of the issued New Ordinary Shares of the Company do not now, and, following the Placing and Second Admission, will not, have different voting rights from other holders of New Ordinary Shares.

## 12. Material contracts

### 12.1 *The Company*

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since the Company's incorporation which: (i) are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this document:

#### 12.1.1 *DB Acquisition Agreement*

The Company has entered into a conditional share purchase agreement dated 7 February 2019 with the DBPH Sellers and the DBPH Warrantors, which provides that, upon the satisfaction of certain conditions, including First Admission and the passing of the Resolutions, the Company will acquire 252,948 ordinary shares in the capital of DBPH from the DBPH Sellers. The DB Acquisition Agreement requires the DBPH Sellers to issue the Drag Along Notice to the DBPH Dragged Sellers requiring such shareholders to also sell their shares in DBPH to the Company. Following service of the Drag Along Notice, the Company will be able to acquire the entire issued share capital of DBPH on completion of the DB Acquisition Agreement. The consideration payable by the Company to the DB Sellers is, in aggregate, 72,720,346 DB Consideration Shares to be issued by the Company on First Admission, credited as fully paid. The DB Acquisition Agreement contains covenants and warranties on the part of the DBPH Warrantors in favour of the Company in relation to the business, assets and taxation of the DB Group.

The DB Acquisition Agreement provides that a liability of the DBPH Warrantors may be satisfied by the Company redesigning such number of DB Consideration Shares into New Deferred Shares as is equal to the liability owed to the Company.

#### 12.1.2 *MP Acquisition Agreement*

The Company has entered into a conditional share purchase agreement dated 7 February 2019 with the MP Sellers, which provides that, upon the satisfaction of certain conditions, including Second Admission and the passing of the Resolutions, the Company will acquire the entire issued share capital of MP from the MP Sellers. The maximum consideration payable by the Company to the MP Sellers is, in aggregate, £1,200,000 to be satisfied by the issue of 1,428,571 MP Consideration Shares on completion of the MP Acquisition Agreement, credited as fully paid to Neil Rafferty together with a maximum aggregate cash payment of up to £900,000 to be made to the MP Sellers on Second Admission with an additional £100,000 payment paid in 24 equal instalments in the 24 month period following Second Admission. The MP Acquisition Agreement contains covenants and warranties on the part of the MP Sellers' in favour of the Company in relation to the business, assets and taxation of MP.

Pursuant to the MP Acquisition Agreement Neil Rafferty has agreed that, subject to certain exceptions, during the period of 12 months from completion of the MP Acquisition Agreement that he will not, subject to certain limitations, dispose of the MP Consideration Shares held by him. He has further agreed that for a period of 12 months after the first anniversary of the date of completion of the MP Acquisition Agreement that any MP Consideration Shares held by him will be subject to an orderly market arrangement.

#### 12.1.3 *MCV Subscription Agreement*

MCV has entered into a conditional subscription agreement with the Company dated 7 February 2019 pursuant to which MCV has agreed to subscribe, in cash, for the MCV Subscription Shares at an aggregate subscription price of £229,999.98. The MCV Subscription Agreement is conditional, inter alia, on the passing of the Resolutions. The MCV Subscription Shares will be issued by the Company to MCV, credited as fully paid, on First Admission.

#### 12.1.4 *Convertible Loan Note Instrument*

The Company constituted a loan note instrument dated 9 November 2018 under which £220,000 of loan notes of £1.00 each were created by the Company ("Loan Note Instrument") as part of the pre-Completion financing. The issuance of the loan notes is conditional on First Admission.

The Loan Note Instrument contained provisions relating to the payment, in full, of the loan notes in issue on the falling on the third month anniversary of the Loan Note Instrument. Following completion of the conditions referred to above, the loan notes issued under the Loan Note Instrument will convert into 2,095,238 New Ordinary Shares, credited as fully paid, on First Admission at a discount of 25 per cent. to the Placing Price.

#### 12.1.5 *Broker engagement letter*

The Company has entered into an engagement letter dated 9 September 2018 with Leander pursuant to which Leander has agreed to act as lead broker with Peterhouse in relation to the Placing.

#### 12.1.6 *Nominated adviser agreement*

The Company has entered into a nominated adviser agreement dated 6 February 2018 with WH Ireland, pursuant to which WH Ireland has agreed to act as the Company's nominated adviser to the Company, for the purposes of the AIM Rules for a 12 month term following which it may be terminated by three months' written notice given by either party. The agreement contains warranties and undertakings from the Company in favour of WH Ireland relating to the Company and its financial and trading position. The Company has agreed to pay an annual retainer which is payable quarterly in instalments.

#### 12.1.7 *Placing Agreement*

In connection with the Placing, the Company, the Directors, WH Ireland, Leander and Peterhouse entered into the Placing Agreement on 7 February 2019. The Placing Agreement is conditional on, *inter alia*, First Admission occurring on 28 February 2019 or such later date as shall be agreed in writing between the Company, WH Ireland and Leander by in any event, not later than 8.00 a.m. on 8 March 2019.

Pursuant to the Placing Agreement, Leander has agreed to use their reasonable endeavours to procure subscribers for 5,642,858 Placing Shares at the Placing Price. The Placing Agreement provides for the Company to pay all expenses of, and incidental to, the Placing and the application for First Admission.

Pursuant to the Placing Agreement, the Company has agreed, conditional on First Admission, to pay to WH Ireland, a corporate finance fee and to Leander, a broking commission of five per cent. of the aggregate value of places procured by Leander.

Leander has agreed that all the commissions payable to it under the Placing Agreement shall be satisfied by the Company issuing to it 282,142 Adviser Shares credited as fully paid, on First Admission.

WH Ireland has agreed that 50 per cent. of the fees payable to it under the Placing Agreement shall be satisfied by the Company issuing to it 535,714 Adviser Shares credited as fully paid, on First Admission.

The Placing Agreement contains certain customary warranties given by the Directors, which are limited in amount and time, and the Company, which are unlimited in amount but limited in time, in favour of WH Ireland and Leander, including as to the accuracy of information contained in this document and a customary indemnify in favour of WH Ireland and Leander which is unlimited in time and amount.

Each of the Directors has agreed in the Placing Agreement that, subject to certain exceptions:

- 12.1.7.1 during the period from the date of the Placing Agreement until the date falling 365 days after First Admission, he will not, subject to limited exceptions, without the prior consent of WH Ireland and Leander, dispose of any New Ordinary Shares held by him/her at the time of First Admission; and
- 12.1.7.2 for a period of 365 days from date of expiry of the lock-up arrangements described above, to comply with certain requirements designed to maintain an orderly market in the New Ordinary Shares, subject to limited exceptions.

The Placing Agreement also provides that WH Ireland and Leander may require the Directors who are also DBPH Sellers (being James Carter and Jim Douglas) to dispose of their DB Consideration Shares in order to satisfy certain claims under the Placing Agreement.

The Directors and the Company have also given certain customary undertakings to WH Ireland and Leander in connection with First Admission and certain post-Admission matters.

WH Ireland and Leander may terminate the Placing Agreement in customary specified circumstances prior to First Admission, including where there is a breach or alleged breach of warranty or the occurrence of a specified force majeure event at any time prior to First Admission.

#### 12.1.8 *Lock-in Deed*

Pursuant to the terms of the Lock-in Deed made between the Company, WH Ireland, Leander and the Locked-in Persons, who together will hold, on Admission following completion of the Acquisition, 41,482,607 New Ordinary Shares (representing 46.0 per cent. of the Enlarged Ordinary Share Capital) have agreed for a period of 12 months from First Admission that, subject to certain limited exceptions, they will not dispose of Ordinary Shares held by them (or enter into a transaction with the same economic effect), except with the prior written consent of WH Ireland and Leander. In addition, each Lock-in Person has agreed, for a further period of 12 months following the expiry of the initial 12 month period, to only dispose of any New Ordinary Shares held by him through the Company's brokers in order to maintain an orderly market in the New Ordinary Shares.

#### 12.1.9 *Adviser Warrants*

Pursuant to the terms of a warrant instrument dated 7 February 2019 the Company has issued, conditional on First Admission, warrants in favour of WH Ireland over 56,428 New Ordinary Shares in the Company and Warrants in favour of Leander over 112,857 New Ordinary Shares, in each case exercisable at the Placing Price expiring on the fifth anniversary of First Admission.

WH Ireland and Leander have severally agreed with the Company that any warrants, exercised and converted into New Ordinary Shares it will not until 365 days after First Admission, subject to certain limited exceptions, dispose of such New Ordinary Shares except with the prior consent of the Company. In addition, WH Ireland and Leander have severally agreed that for a period of 12 months after the first anniversary of the date of First Admission to notify the Company of any intention to deal or otherwise dispose of such New Ordinary Shares.

#### 12.1.10 *Director indemnities*

Each of the Directors have entered into agreements with the Company dated 7 February 2019 pursuant to which the Company has agreed to indemnify each Director to the fullest extent permitted by English law for any costs, charges, losses, damages and liabilities incurred by him in relation to anything done, or omitted to be done, by him in connection with the lawful exercise of his powers, duties and responsibilities as a Director.

#### 12.1.11 *Warrant Acquisition Agreement*

The Company has entered into a conditional share purchase agreement date 7 February 2019 with James Carter, Jim Douglas, David Marks and Martin Higginson. James and Jim each hold DBPH Warrants over 3,037 ordinary shares in DBPH and David and Martin each hold DBPH Warrants over 7,085 ordinary shares in DBPH, in each case, as issued pursuant to the warrant instrument (as further described at paragraph 12.2.6 of Part XI).

Upon the exercise of such DBPH warrants by any such warrant holder in accordance with the terms of the warrant instrument (in whole or in tranches of not less than 100 DBPH Warrants), the Company shall acquire such ordinary shares in DBPH from the relevant warrant holder with the consideration being satisfied via the issue of New Ordinary Shares by the Company. The Company shall issue 224.55 New Ordinary Shares for every DBP share acquired following the exercise of the DBPH Warrants.

The aggregate New Ordinary Shares to be issued to the holders of DBPH Warrants pursuant to the Warrant Acquisition Agreement (assuming the exercise of all of the DBPH Warrants in issue), totals:

- 681,957 New Ordinary Shares to each of James Carter and Jim Douglas; and
- 1,590,933 New Ordinary Shares to each of Martin Higginson and David Marks.

## 12.2 **DB Group**

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by a member of the DB Group since the incorporation of DBPH which: (i) are, or may be, material to the DB Group; or (ii) contain obligations or entitlements which are, or may be, material to the DB Group as at the date of this document:

### 12.2.1 *DBP Shareholders' Agreement*

The then shareholders of DBP, comprising, *inter alia*, James Carter and Jim Douglas, entered into the DBP Shareholders' Agreement on 15 May 2017 (to which DBPH adhered to pursuant to a deed of adherence dated 12 December 2017) governing the operation and management of DBP. DBPH, James Carter and Jim Douglas entered into a deed of termination on 7 February 2019 terminating the DBP Shareholders' Agreement with effect from, and subject to, First Admission.

### 12.2.2 *DBP Acquisition Agreement*

DBPH has entered into a conditional share purchase agreement dated 7 February 2019 in relation to the acquisition of an aggregate 44 B ordinary shares of £1.00 each in the capital of Digitalbox Publishing from James Carter and Jim Douglas with the consideration being satisfied via DBPH issuing, credited as fully paid, 41,032 ordinary shares of £0.10 each in the capital of DBPH to each of James Carter and Jim Douglas. The DBP Acquisition Agreement is conditional on the Acquisition Agreement becoming unconditional in all respects save for First Admission. The DBP Acquisition Agreement will complete immediately prior to the Acquisition Agreement and DBPH owning the entire issued share capital of Digitalbox Publishing.

### 12.2.3 *Digitalbox Publishing demerger agreement*

On 12 December 2017, MCV and DBPH entered in a demerger agreement in relation to Digitalbox Publishing, pursuant to the terms of which DBPH acquired 70 per cent. of the issued share capital of Digitalbox Publishing.

### 12.2.4 *Director loan agreements*

On 15 May 2017 DBP entered into director loan agreements with each of James Carter and Jim Douglas. Each loan agreement was for an amount of £85,000.00 and was provided for the sole purpose of providing funds for James Carter and Jim Douglas to subscribe for 22 B ordinary shares of £1.00 each in the capital of the DBP. Each loan was made in accordance with the requirements of the Companies Act. DBP and each of James Carter and Jim Douglas entered into deeds of variation dated 7 February 2019 pursuant to which the terms of such loan agreements are to be varied with effect from 7 February 2019 largely in relation to the repayment terms of such loans.

### 12.2.5 *DBPH Loan Agreement*

MCV (as lender) entered into an unsecured loan agreement with Digitalbox Publishing (as borrower) dated 15 May 2017, setting out the terms of a £400,000 loan owed by Digitalbox Publishing to MCV. The repayment date of the loan is 15 May 2020 or as otherwise agreed between the parties. Digitalbox Publishing will pay interest on the balance of the loan outstanding from time to time at the fixed rate of three per cent. per annum. Prior to First Admission, £200,000 of this loan will be repaid, and the balance will remain outstanding.

#### 12.2.6 *Warrant Instrument*

DBPH entered into a warrant instrument dated 12 December 2017 to create and issue a warrant to subscribe in cash for ordinary shares of £0.10 each in DBPH at an exercise price of £5.12 per Warrant. Warrants were issued to the following individuals on 12 December 2017:

- 12.2.6.1 7,085 warrant shares held by David Marks;
- 12.2.6.2 7,085 warrant shares held by Martin James Higginson;
- 12.2.6.3 3,037 warrant shares held by Jim Douglas; and
- 12.2.6.4 3,037 warrant shares held by James Carter.

Pursuant to the terms of the Warrant Acquisition Agreement (described further at paragraph 12.1.11 of this Part XI), the Company will acquire the ordinary shares issued in DBPH following the exercise of any such DBPH Warrants.

### **13. Related party transactions**

From 3 December 2002 (being the date of incorporation of the Company) up to and including the date of this document, no member of the Group has entered into any related party transactions other than as set out below and otherwise disclosed in this document:

- 13.1 the loans made by Digitalbox Publishing to James Alexander Carter and James Robert Douglas (and the variation thereto), as described further at paragraph 9.2 of this Part XI;
- 13.2 the DB Acquisition Agreement, as described further at paragraph 12.1.1 of this Part XI;
- 13.3 the MP Acquisition Agreement, as described further at paragraph 12.1.2 of this Part XI;
- 13.4 the Warrant Acquisition Agreement, as described further at paragraph 12.1.10 of the Part XI;
- 13.5 the DBP Shareholders' Agreement, as described further at paragraph 12.2.1 of this Part XI;
- 13.6 the DBP Acquisition Agreement between (1) DBPH and (2) James Carter and Jim Douglas, as described further at paragraph 12.2.2 of this Part XI.
- 13.7 the unsecured loan agreement entered into between MCV and Digitalbox Publishing, as described further at paragraph 12.2.5 of this Part XI;
- 13.8 the share warrants held by David Marks, Martin Higginson, James Carter and Jim Douglas in respect of DBPH, as described further at paragraph 12.2.6 of this Part XI; and
- 13.9 the MCV Subscription Agreement, as described further at paragraph 12.1.3 of this Part XI.

### **14. Employees**

- 14.1 As at 7 February 2019 the Company has, save for the Existing Directors, no employees.
- 14.2 At Second Admission and following completion of the Acquisitions, the Enlarged Group will have 17 employees.

### **15. Employment share option plan**

#### 15.1 *Share plan*

The Company intends to adopt the Share Option Scheme on First Admission. The purpose of the Share Option Scheme is to assist in the recruitment or retention of employees and directors by enabling the Company to grant Enterprise Management Incentive ("EMI") share options and unapproved share options (the "Options") to such persons (the "Option Holders") pursuant to the rules of the Share Option Scheme (the "Rules"). The Options could be granted as UK tax advantaged EMI share options if the recipient met the relevant criteria for those options, otherwise the options would subsist as non-tax advantaged unapproved share options.

## 15.2 *Grant of Options*

Options shall only be granted within the period of 42 days after the adoption date of the Share Option Scheme or the end of a closed period, save where the Board determines period to grant of Options at a different time. The Options may not be granted at any time when the grant would be prohibited by, or in breach of, the Market Abuse Regulation or any other law, regulation with the force of law or the AIM Rules.

## 15.3 *Exercise of Options*

The Options may be exercised on the earlier of a company re-organisation (other than any person that is owned substantially by the persons who were equity shareholders of the Company immediately prior to the person obtaining control); takeover; sale; listing (excluding listing on AIM); death of the Option Holder; or the lapse of time referred to in the option agreement; or the satisfaction of specific performance conditions (the "Exercise Event").

## 15.4 *Options may vest over a vesting period determined by the Remuneration Committee*

Options may not be exercised at a time when that grant would be prohibited by, or in breach of, the Market Abuse Regulation or any other law, regulation with the force of law or the AIM Rules or any code or guidelines of the Company or if the issue and allotment of shares consequent upon the exercise of the Option would be contrary to any enactment or regulation for the time being in force in the United Kingdom.

## 15.5 *Exercise price*

The price per New Ordinary Share payable on the exercise of an Option (the "Exercise Price") is determined by the Board when the Options are granted. The Exercise Price on any occasion may be equal to or less than the market value of a New Ordinary Share at the time of grant. For Options in relation to the subscription of New Ordinary Shares the exercise price must be at least the nominal value of the New Ordinary Shares.

## 15.6 *Individual limits on participation*

The aggregate market value of New Ordinary Shares over which EMI Options may be granted to any employee will not exceed £250,000, or such other limit as may be imposed by the legislation governing EMI Options from time to time.

## 15.7 *Limits on the issue of New Ordinary Shares*

The number of New Ordinary Shares which are issued or issuable under the Share Option Scheme, when added to the number of New Ordinary Shares issued or issuable pursuant to the any other employee share scheme (as defined in section 1166 of Companies Act 2006) in the shorter period of either 10 years ending on that day and since the New Ordinary Shares were admitted to trading on AIM shall not exceed 10 per cent. of the Enlarged Ordinary Share Capital on that day.

## 15.8 *Performance conditions*

The Board may, but is not obliged to, specify one or more appropriate performance condition for an Option at the time it is granted, which determines whether and to what extent the Option may be exercised. Any performance condition may be varied or waived at the Board's discretion provided that it is a fairer measure of performance and not more difficult to satisfy than the original performance condition.

## 15.9 *Cessation of employment*

Where an Option Holder ceases to be a group employee then the Option shall lapse immediately unless the Board exercises its discretion to allow the Options to be exercised or retained. If the Board does not exercise its discretion within 30 days after the cessation of employment the Options shall lapse. If the Board does exercise its discretion to allow the Options to be exercised and they are not exercised within a specified time period they shall lapse.

#### 15.10 *Corporate events*

- 15.10.1 Where control of the Company is acquired by a person (other than any person that is owned substantially by the persons who were equity shareholders of the Company immediately prior to the person obtaining control), the Options will generally be exercisable immediately before the change of control. Where the change of control is under section 979 – 982 of the Companies Act 2006, the Options may be exercised at any time when the person remains entitled or bound to acquire the New Ordinary Shares. The Board may also allow the exercise of options in circumstances where it considers a change of control is likely to occur. If Options are not exercised during the relevant period they will lapse.
- 15.10.2 In the event of a listing of the New Ordinary Shares (not on AIM) the Option may be exercised within such period notified to the Option Holder by the Board before the listing.
- 15.10.3 If Options are not exercised during the relevant period they will lapse. The Company has the right not to issue and allot shares as a consequence of a listing unless the Option Holder has agreed not to sell or dispose of the New Ordinary Shares in such period as specified by the Board, if any.

#### 15.11 *Exchange of Options*

Subject to the satisfaction of certain conditions, each Option Holder may, by agreement with the acquiring company within a specified period, exchange an old option for a new replacement option. Any new option granted is treated as if it was acquired at the same time as the old option that it replaces.

#### 15.12 *Payment of tax and NICs*

The Option Holder is responsible for the payment of all relevant income tax and employee and employer's NICs relating to its Option. The Company may withhold an amount equal to such liabilities from any amounts due to the employee (to the extent such withholding is lawful) and/or withhold and sell sufficient New Ordinary Shares subject to the Option, in satisfaction of these liabilities. The Option Holder will enter in to a joint election with the Company or its employer to transfer any employer's NICs liability to the Option Holder.

#### 15.13 *Lapse of Options*

The Options shall lapse if:

- 15.13.1 they are not exercised by the tenth anniversary of the date of grant;
- 15.13.2 the Options are to be transferred, assigned, mortgaged or otherwise disposed of by the Option Holder;
- 15.13.3 the Option Holder is adjudged bankrupt or if the Option Holder makes or proposes a voluntary arrangement under the Insolvency Act 1986 in relation to his debts; or
- 15.13.4 subject to the provisions noted above, the Option Holder's employment with any member of the Enlarged Group ceases.

#### 15.14 *Amendment*

The Board may amend the Rules from time to time. No amendment may apply to Options granted before the amendment was made without the prior approval in writing of the Option Holder if as a result the Option would cease to be a qualifying EMI Option.

### **16. Working capital**

In the opinion of the Directors, having made due and careful enquiry, and in the opinion of the Company, taking into account the net proceeds of the Placing and the MCV Subscription, the working capital is sufficient for the Enlarged Group's present requirements that is for at least the 12 months from the date of this document.

## 17. Significant change

- 17.1 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Company since 30 June 2018, being the date as at which the Company's interim results were prepared.
- 17.2 Save as disclosed in this document and the repayment by DBP of £200,000 of loan owed to MCV prior to First Admission, there has been no significant change in the trading or financial position of the DB Group since 30 June 2018, being the date as at which the financial information contained in Part VI (*Historical Financial Information on Digitalbox*) has been prepared.
- 17.3 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Mashed Productions since 31 October 2018, being the date as at which the financial information contained in Part VII (*Historical Financial Information on Mashed Productions*) has been prepared.

## 18. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Enlarged Group.

## 19. Takeover Code and mandatory offers

- 19.1 Brief details of the Panel, the City Code and the protections they afford are given below.
- 19.2 The Company is a public limited company incorporated in England and Wales and its New Ordinary Shares will be admitted to AIM with effect from First Admission. Accordingly, the City Code applies to the Company and operates principally to ensure that all of the Shareholders are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that the Shareholders of the same class of shares are afforded equivalent treatment. The City Code also provides an orderly framework within which takeovers are conducted and the Panel has now been placed on statutory footing.
- 19.3 Under Rule 9 of the City Code, any person who acquires, whether by a series of transactions over a period of time or not, an "interest" (as defined in the City Code) in shares which, taken together with shares in which he is already interested or 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 to make a general offer to all of the remaining shareholders to acquire their shares.
- 19.4 Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him is interested in shares which, in aggregate, carry more than 30 per cent. of the voting rights of such company, but does not hold shares carrying 50 per cent. or more of such voting rights, a general offer will normally be required if any further interest in shares is acquired by any such person.
- 19.5 An offer under Rule 9 must be in cash and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him for any interest in shares of the company in question during the 12 months prior to the announcement of the offer.

## 20. Takeover offers

In addition to Rule 9 of the City Code (further details of which are set out at paragraph 19 of this Part XI), the Companies Act will also apply in the context of a takeover bid, further details of which are set out below.

### **Squeeze-out**

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the New Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. of the New Ordinary 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 is able to compulsorily acquire the

remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the takeover offer telling them that it will compulsorily acquire 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 those Shareholders in the event that they had not accepted the offer at such time. The consideration to the Shareholders whose Takeover Offer Shares were acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

### **Sell-out**

The Companies Act also 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 of the New Ordinary Shares 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 New Ordinary Shares to which the offer related, any Shareholder to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those New Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that matter arising. The offeror may impose a time limit on the rights of 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 New Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

As at the date of this document, the Company is not in receipt of, nor subject to, a takeover offer.

### **21. General**

- 21.1 Haysmacintyre of 10 Queen Street Place, London, EC4R 1AG, has been appointed as the auditor of the Company and is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.
- 21.2 Haysmacintyre has given and has not withdrawn its consent to the inclusion in this document of its accountant's report in (Part VI (*Historical Financial Information on Digitalbox*)) and in Part VII (*Historical Financial Information on Mashed Productions*) in the form and context in which it is included and has authorised the contents of those reports for the purposes of Schedule Two of the AIM Rules.
- 21.3 WH Ireland of 24 Martin Lane, London, EC4R 0DR, which is regulated by the FCA, has given and has not withdrawn its consent to the inclusion in this document of its name in the form and context in which it is included.
- 21.4 Leander of 10 Old Burlington Street, London, W1S 3AG which is regulated by the FCA, has given and has not withdrawn its consent to the inclusion in this document of its name in the form and context in which it is included.
- 21.5 The total expenses incurred (or to be incurred) by the Company in connection with Admission and the Placing are approximately £750,000, part of which is to be satisfied via the issue of the Adviser Shares on First Admission. The estimated net cash proceeds of the Placing and MCV Subscription, after deducting fees and expenses in connection with the Placing, are approximately £385,500.
- 21.6 There are no arrangements under which future dividends are waived or agreed to be waived.
- 21.7 The New Ordinary Shares will only be traded on AIM.
- 21.8 Save as disclosed in this document and payments made to:
  - 21.8.1 Hamish Harris, the former chairman of the Company, and his service company (Marlin Atlantic Finance Ltd);
  - 21.8.2 former advisers to the Company comprising Hill Dickinson LLP and Beaumont Cornish Limited;
  - 21.8.3 Progressive Equity Research Limited in relation to research into the Company;
  - 21.8.4 Balfour Brooks Securities Services International Ltd and Cadence Minerals plc in relation to administration, accounting and book-keeping services; and
  - 21.8.5 SecurLinX Corp in relation to an aborted acquisition by the Company,

no person (except for fees payable to the professional advisers whose names are set out on pages 9 and 10 of this document and payments to trade suppliers), has received any fees, securities or other benefit to a value of £10,000.00 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for First Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after First Admission.

21.9 Save as disclosed in this document:

21.9.1 there are no environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets;

21.9.2 there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the financial position of the Enlarged Group for the current financial year; and

21.9.3 the Enlarged Group is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of material importance to its business or profitability;

21.10 This document has not been approved by the FCA.

21.11 The New Ordinary Shares being issued pursuant to the Placing have a nominal value of £0.01 each. The rights attaching to the New Ordinary Shares will be uniform in all respects and they will form a single class for all purposes.

21.12 Directors' and officers' liability insurance has been effected by the Company in respect of each of the Directors for an aggregate sum of £1,000,000.00.

21.13 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

21.14 Save as disclosed in this document no dividends have been declared by the Company, in respect of the financial years covered by the report in Part V of this document.

21.15 Where information has been sourced from a third party, this information has been accurately reproduced so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **22. Documents published on the Company's website**

Copies of the following documents will be made available at the website address [www.polemos.co.uk](http://www.polemos.co.uk) from the date of posting of this document up to the date of the General Meeting:

22.1 the Memorandum and Articles of Association of the Company;

22.2 the Memorandum and Articles of Association of DBPH;

22.3 the Memorandum and Articles of Association of MP;

22.4 the audited accounts of the Company for the years ended 31 December 2016 and 31 December 2017;

22.5 the consent letter from WH Ireland referred to in paragraph 21 above; and

22.6 the material contracts as set out in paragraph 12 above.

**23. Availability of this document**

23.1 Following First Admission, copies of this document may be collected, free of charge during normal business hours, at Ground Floor, 2-4 Henry Street, Bath BA1 1JT.

23.2 In addition, this document will be published in electronic form and be available on the Company's website at [www.polemos.co.uk](http://www.polemos.co.uk) (and following First Admission, at [www.digitalbox.com](http://www.digitalbox.com)), subject to certain access restrictions applicable.

Dated: 8 February 2019

## NOTICE OF GENERAL MEETING

# POLEMOS PLC

*(Incorporated in England and Wales with registered number 04606754)*

Notice is hereby given that a general meeting of the members of the Company will be held at the offices of WH Ireland Limited, 24 Martin Lane, London EC4R 0DR at 10.00 a.m. on 27 February 2019 for the purposes of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTIONS

1. **THAT** the waiver granted by the Panel on Takeovers and Mergers of the obligation on the Concert Party (as defined in the admission document published by the Company and dated 8 February 2019 of which this notice forms part, hereinafter referred to as the “**Admission Document**”) to make a general offer under Rule 9 of the City Code on Takeovers and Mergers, as a result of the issue to them of ordinary shares in the capital of the Company, whether:
  - 1.1 pursuant to the DB Acquisition Agreement and the Drag Along Notice (as such defined in Resolution 2)
  - 1.2 pursuant to the MCV Subscription Agreement (as such defined in the Admission Document);
  - 1.3 pursuant to the exercise of the 112,857 Adviser Warrants (as such defined in the Admission Document) to Leander Capital Partners Limited (“**Leander**”);
  - 1.4 pursuant to the exercise of the DBPH Warrants (as such defined in the Admission Document);
  - 1.5 pursuant to the issue of 285,714 Placing Shares (as such term is defined in the Admission Document) to Leander and/or
  - 1.6 pursuant to the issue of 282,142 Adviser Shares (as such term is defined in the Admission Document) to Leander,be and is hereby approved.
2. **THAT** the proposed acquisition by the Company of the entire issued share capital of Digitalbox Publishing (Holdings) Limited (“**DBPH**”), which comprises a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies (the “**DB Acquisition**”), on the terms and subject to the conditions of the sale and purchase agreement dated 7 February 2019 (the “**DB Acquisition Agreement**”) between, the Company and certain of the shareholders of DBPH, and the notice to be given by such shareholders to the other shareholders of DBPH to exercise a drag along option in accordance with DBPH’s articles of association (the “**Drag Along Notice**”), as more particularly described in the Admission Document, be and is hereby approved with such revisions and amendments (including as to price) of a non-material nature as may be approved by the directors of the Company (the “**Directors**”) or any duly authorised committee thereof, and that all acts, agreements, arrangements and indemnities which the Directors or any such committee consider necessary or desirable for the purpose of or in connection with the DB Acquisition be and are hereby approved.
3. **THAT** the proposed acquisition by the Company of the entire issued share capital of Mashed Productions (“**MP**”) (the “**MP Acquisition**”), on the terms and subject to the conditions of the sale and purchase agreement dated 7 February 2019 (the “**MP Acquisition Agreement**”) between, the Company and the shareholders of MP, as more particularly described in the Admission Document, be and is hereby approved with such revisions and amendments (including as to price) of a non-material nature as may be approved by the Directors or any duly authorised committee thereof, and that all acts, agreements, arrangements and indemnities which the Directors or any such committee consider necessary or desirable for the purpose of or in connection with the MP Acquisition be and are hereby approved.
4. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 3 (inclusive), the 118,080,000 ordinary shares of £0.01 each in the capital of the Company (following the issue of 907 ordinary shares immediately following completion of the general meeting) (the “**Existing Ordinary Shares**”) be consolidated into 47,232 ordinary shares of £25.00 each (the “**Consolidated Ordinary Shares**”).

5. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 4 (inclusive), each of the 47,232 Consolidated Ordinary Shares of £25.00 each by sub-divided into:
  - 5.1 125 ordinary shares of £0.01 each; and
  - 5.2 2,375 B deferred shares of £0.01 each.
6. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 5 (inclusive), Sir Robin William Miller, having consented to act, be appointed as a director of the Company with effect from admission of the consideration shares to be issued pursuant to the DB Acquisition Agreement and the Drag Along Notice to trading on the AIM market of the London Stock Exchange ("**Admission**").
7. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 6 (inclusive), James Alexander Carter, having consented to act, be appointed as a director of the Company with effect from Admission.
8. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 7 (inclusive), James Robert Douglas, having consented to act, be appointed as a director of the Company with effect from Admission.
9. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 8 (inclusive), Martin James Higginson, having consented to act, be appointed as a director of the Company with effect from Admission.
10. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 9 (inclusive), David Joseph, having consented to act, be appointed as a director of the Company with effect from Admission.
11. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 10 (inclusive), in accordance with section 551 of the Companies Act 2006 (the "**Act**"), the Directors be generally and unconditionally authorised to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company ("**Rights**"):
  - (a) up to an aggregate nominal amount of £727,203.46 each in accordance with the terms and conditions of the DB Acquisition Agreement and the Drag Along Notice;
  - (b) up to an aggregate nominal amount of £14,285.71 each in accordance with the terms and conditions of the MP Acquisition Agreement;
  - (c) up to an aggregate nominal amount of £56,428.58 in accordance with the terms and conditions of the Placing Agreement (as such term is defined in the Admission Document);
  - (d) up to an aggregate nominal amount of £20,952.38 in accordance with the terms and conditions of the Convertible Loan Note Instrument (as such term is defined in the Admission Document);
  - (e) up to an aggregate nominal amount of £1,692.85 in accordance with the terms and conditions of the Adviser Warrants (as such term is defined in the Admission Document);
  - (f) up to an aggregate nominal amount of £16,428.57 in accordance with the terms of the MCV Subscription Acquisition Agreement (as such term is defined in the Admission Document);
  - (g) up to an aggregate nominal amount of £45,457.80 in accordance with the terms and conditions of the Warrant Acquisition Agreement (as such term is defined in the Admission Document); and
  - (h) up to an aggregate nominal amount of £8,178.56 in relation to the Adviser Shares (as such term is defined in the Admission Document),

provided that the authority granted by this Resolution shall, unless renewed, varied or revoked by the Company, expire at the earlier of the Company's next annual general meeting and 26 February 2020, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of that offer or agreement. This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the Act to the extent not utilised at the date it is passed.

12. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 11 (inclusive), in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to exercise all of the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into shares in the Company (“**Additional Rights**”) up to an aggregate nominal amount of £300,839.08, representing approximately one third of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document, provided that the authority granted by this Resolution shall, unless renewed, varied or revoked by the Company, expire at the earlier of the Company’s next annual general meeting and 26 February 2020, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Additional Rights to be granted and the Directors may allot shares or grant Additional Rights in pursuance of that offer or agreement.

This Resolution is in addition to the authority conferred by Resolution 11.

### **SPECIAL RESOLUTIONS**

13. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 12 (inclusive), the 386,907,464 deferred shares of £0.0499 each in the capital of the Company be re-designated as 386,907,464 A deferred shares of £0.0499 each having the rights and being subject to the restrictions set out in the articles of association of the Company.
14. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 13 (inclusive), in accordance with sections 570 and 571 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 11, as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to:
- (a) up to an aggregate nominal amount of £727,203.46 each in accordance with the terms and conditions of the DB Acquisition Agreement and the Drag Along Notice;
  - (b) up to an aggregate nominal amount of £14,285.71 each in accordance with the terms and conditions of the MP Acquisition Agreement;
  - (c) up to an aggregate nominal amount of £56,428.58 in accordance with the terms and conditions of the Placing Agreement (as such term is defined in the Admission Document);
  - (d) up to an aggregate nominal amount of £20,952.38 in accordance with the terms and conditions of the Convertible Loan Note Instrument (as such term is defined in the Admission Document);
  - (e) up to an aggregate amount of £1,692.85 in accordance with the terms and conditions of the Adviser Warrants (as such term is defined in the Admission Document);
  - (f) up to an aggregate nominal amount of £16,428.57 in accordance with the terms of the MCV Subscription Acquisition Agreement (as such term is defined in the Admission Document);
  - (g) up to an aggregate nominal amount of £45,457.80 in accordance with the terms and conditions of the Warrant Acquisition Agreement (as such term is defined in the Admission Document); and
  - (h) up to an aggregate nominal amount of £8,178.56 in relation to the Adviser Shares (as such term is defined in the Admission Document),

provided that this authority shall expire at the earlier of the Company’s next annual general meeting and 26 February 2020. The Company may, before this authority expires, make an offer or agreement which would or might require equity securities to be allotted after it expires and the directors may allot equity securities pursuant to that offer or agreement.

15. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 14 (inclusive), in accordance with sections 570 and 571 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 11, as if section 561(1) of the Act did not apply to such allotment provided that this power shall be limited to the issue of Additional Rights up to an aggregate nominal amount of £135,377.59, representing approximately 15 per cent. of the Enlarged Ordinary Share Capital (as such term is defined in the Admission Document), provided that the authority granted by this Resolution shall, unless renewed, varied or revoked by the Company, expire at the earlier of the Company’s next annual general meeting and 26 February 2020, except that the Company may, before it expires make an offer or agreement which would or might require shares to be allotted or Additional Rights to be granted and the Directors may allot shares or grant Additional Rights in pursuance of that offer or agreement.

This Resolution is in addition to the authority conferred by Resolution 14.

16. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 15 (inclusive), the articles of association of the Company produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
17. **THAT**, subject to and conditional upon the passing of Resolutions 1 to 16 (inclusive), the name of the Company be changed to '**Digitalbox plc**'.

#### Notes

1. Resolution 1 will be taken on a poll by Independent Shareholders (as such term is defined in the Admission Document).
2. Members entitled to attend and vote at the General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder which must be identified on the Form of Proxy. A proxy needs to be a Shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the Chairman of the meeting and give your instructions to that proxy.
3. A Form of Proxy is enclosed for use by members. To be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority) to Registrars, being Share Registrars Limited at The Courtyard, 17 West Street, Farnham, GU9 7DR, not later than 48 hours, excluding non-working days, before the time appointed for holding the General Meeting or in the case of a poll taken subsequently to the date of the General Meeting or any adjourned meeting, not less than 48 hours, excluding non-working days, before the time appointed for the taking of the poll or for holding the adjourned meeting. Members who intend to appoint more than one proxy can obtain additional Forms of Proxy from the Registrars. Alternatively, the form provided may be photocopied prior to completion. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made.
4. An abstention option has been included on the Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each Resolution.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. 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. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "**the CREST voting service**" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST proxy appointment instruction**") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("**Euroclear**"), and must contain all the relevant information required by the CREST Manual. To be valid 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 be transmitted so as to be received by the Registrars, as the Company's "**issuer's agent**", (CREST ID: 7RA36) 48 hours before the time appointed for holding the meeting or adjourned meeting (as such a message cannot be transmitted on weekends or on other days when the CREST system is closed). After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "**Practical limitations of the system**". In certain circumstances the Company may, in accordance with Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid. The CREST Manual can be reviewed at [www.euroclear.com](http://www.euroclear.com).

7. CREST members and, where applicable, the sponsors or voting service provider(s), should note that CREST does not make available a special procedure in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of proxy instructions. It is the responsibility of the CREST members concerned to take (or of the CREST member is a CREST personal member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such sections 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 provider(s) 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. Completion and return or submission electronically, of a Form of Proxy will not affect the right of such member to attend and vote in person at the meeting or any adjournment thereof.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those members entered on the register of members of the Company at 10.00 a.m. on 25 February 2019 will be entitled to attend or vote (whether in person or by proxy) at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 10.00 a.m. on 25 February 2019 will be disregarded in determining the rights of any person to attend or vote at the meeting or any adjourned meeting (as the case may be).
11. As at 7 February 2019 (being the last business day prior to the publication of this notice of meeting) the Company's issued share capital consisted of 118,079,093 Existing Ordinary Shares carrying one vote each and 386,907,464 Existing Deferred Shares carrying nil vote each, therefore, the total voting rights in the Company as at 7 February 2019 are 118,079,093.
12. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which the Company must cause to be answered. Information relating to the meeting which the Company is required by the Act to publish on a website in advance of the meeting may be viewed at [www.polemos.co.uk](http://www.polemos.co.uk)
13. In accordance with section 311a of the Act, the contents of this notice of meeting, details of the total number of shares of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members statements. Members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website [www.polemos.co.uk](http://www.polemos.co.uk).

Dated: 8 February 2019

