

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

The Directors accept responsibility for the information contained in this document, other than that relating to the Concert Party and persons connected with them, for which each party accepts responsibility as set out below, and for the recommendation relating to Resolution 1 set out in paragraph 16 of the Chairman's letter, for which the Independent Board accepts responsibility.

Each member of the Concert Party accepts responsibility for the information contained in this document relating to the Concert Party or otherwise expressly referable to the Concert Party. To the best of the knowledge and belief of each member of the Concert Party (who have taken reasonable care to ensure such is the case) the information contained in this document for which they are responsible is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

If you have sold or otherwise transferred all of your Ordinary Shares please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred only some of your holding of Ordinary Shares you should retain this document and the Form of Proxy and should immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

This document is not a prospectus or a prospectus equivalent document and it has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom, pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

# cloudBuy plc

*(incorporated in England and Wales with registered number 03732253)*

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## **PROPOSED ISSUE OF UP TO £3,400,000 2.33% CONVERTIBLE SECURED LOAN NOTES OF £1 PAR VALUE EACH**

### **WAIVER OF RULE 9 OF THE CITY CODE**

### **NOTICE OF GENERAL MEETING**



*Nominated Adviser and Sole Broker*

**You should read this document in its entirety and, in particular, paragraph 16 of Part I of this Document which contains the unanimous recommendation from the Independent Board that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Your attention is also drawn to the Risk Factors contained in Part III of this document and the additional information on the Company contained in Part V of this document.**

Notice convening a General Meeting of the Company to be held at 10:00 a.m. on 27 December 2017 at the Company's registered office at 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting accompanies this document. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company Secretary, cloudBuy, 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN as soon as possible but in any event so as to arrive not later than 10:00 a.m. on 21 December 2017, together with any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so

Arden Partners PLC (“**Arden Partners**”), which is authorised and registered in the United Kingdom by the FCA, is acting solely for the Company and no-one else in connection with the Financing and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Financing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Financing or any other matter referred to herein. Its responsibilities as the Company’s nominated adviser under the AIM Rules for Nominated Advisers, as published and amended from time to time by the London Stock Exchange, are owed to the London Stock Exchange and not to any other person. Arden Partners has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Arden Partners nor does it make any representation or warranty, express or implied, for the accuracy or completeness of any information or opinion contained in this document or for the omission of any information. Nothing in this document shall be relied upon as a promise or representation in this respect, whether as to the past or the future (without limiting the statutory rights of any person to whom this document is issued). Arden Partners expressly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

The Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A Shareholder 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.

**Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy accompanying this document in accordance with the instructions printed thereon and return it to the Company Secretary, cloudBuy, 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN by no later than 10:00 a.m. on 21 December 2017 in order for it to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you wish to do so.**

Copies of this document are available free of charge from the Company’s registered address at Unit 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN, and from the Company’s website, [www.cloudBuy.com](http://www.cloudBuy.com).

#### **Forward-looking statements**

This document contains statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “anticipates”, “believes”, “could”, “envisages”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should”, “will” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document.

The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules for Companies).

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## **DIRECTORS AND ADVISERS**

### **Directors**

Ronald Duncan (Executive Chairman and Chief Information Officer)

Lyn Duncan (Chief Executive Officer)

David Gibbon (Chief Financial Officer and Chief Operating Officer)

Patrick Broughton (Senior Non-executive Director)

David Chellingsworth (Non-executive Director)

Michael Pasternak (Non-executive Director)

all of:

5 Jupiter House

Calleva Park

Aldermaston

Reading

RG7 8NN

### **Company Secretary**

David Gibbon

### **Nominated Adviser and Sole Broker**

Arden Partners plc

125 Old Broad Street

London

EC2N 1AR

### **Solicitors to the Company**

Pitmans LLP

107 Cheapside

London

EC2V 6DN

### **Registrars**

Computershare Investor Services plc

The Pavilions

Bridgwater Road

Bristol

BS99 6ZY

## FINANCING STATISTICS

Number of Ordinary Shares in issue at the date of this document 130,432,664

### Existing Loan Notes<sup>1</sup>

Principal nominal value of Existing Loan Notes in issue (excluding PIK notes)	£5,750,000
Principal nominal value of Existing CLS in issue (excluding PIK CLS)	£4,172,562
Principal nominal value of LS in issue	£1,577,438
Nominal value of PIK CLS in issue at the date of this document	£55,220
Maximum nominal value of Existing CLS which could be issued as PIK CLS to satisfy future interest payments	£446,259
Maximum nominal value of Existing CLS which could be in issue	£4,694,041
Conversion Price of Existing CLS (per Ordinary Share)	6.5 pence
Maximum number of Existing CLS Shares that could be issued following conversion of the Existing CLS*	72,216,015

### New CLS<sup>2</sup>

Maximum principal value of New CLS (excluding New PIK CLS)	£3,400,000
Maximum principal value of New CLS which could be issued as New PIK CLS to satisfy future interest payments	£885,779
Maximum nominal value of New CLS which could be in issue	£4,285,779
Conversion Price of the New CLS (per Ordinary Share)	2 pence
Maximum number of New CLS Shares that could be issued following conversion of the New CLS	214,288,950

Number of Ordinary Shares in issue following conversion of all the New CLS and Existing CLS 416,937,629

Maximum interest of the Concert Party in the Company<sup>3</sup> 72.8%

ISIN GB00B09Y8Y28

SEDOL B09Y8Y2

Note 1: assuming that conversion of the Existing CLS (including any PIK notes) takes place prior to the final redemption date of 26 April 2026 at a price of 6.5 pence per share.

Note 2: assuming that conversion of the New CLS (including any PIK notes) takes place prior to the final redemption date of 27 December 2027 at a price of 2 pence per share.

Note 3: assuming full conversion of the New CLS and Existing CLS prior to their respective final redemption dates but excluding any other issues of Ordinary Shares.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Posting of this document and Forms of Proxy	8 December 2017
Latest time and date for receipt of Forms of Proxy	10:00 a.m. on 21 December 2017
General Meeting	10:00 a.m. on 27 December 2017*

The dates and times set out in the Expected Timetable Of Principal Events above and mentioned throughout this document are based on the Company's current expectations and may be subject to change, in which event details of the new dates will be notified through the Regulatory Information Service and, where appropriate, to Shareholders.

All references to times are to the time in London, England.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise or unless defined in Parts IV and V of this document for the purposes of that Part only:

<b>2006 Act</b>	the Companies Act 2006 (as amended)
<b>2016 Loan Note Instrument</b>	the loan note instrument executed by the Company and dated 8 April 2016 constituting the Existing Loan Notes, details of which are set out in paragraph 7 of Part V of this document
<b>AIM</b>	a market operated by the London Stock Exchange
<b>AIM Rules for Companies</b>	the AIM rules for companies and guidance notes, as published and amended from time to time by the London Stock Exchange
<b>Arden Partners</b>	Arden Partners PLC, the Company's nominated adviser and sole broker
<b>Articles</b>	the articles of association of the Company as at the date of this document
<b>Board or Directors</b>	the directors of the Company as at the date of this document, whose names are set out on page 5 of this document
<b>Business Day</b>	any day (other than a Saturday, Sunday or public holiday) on which commercial banks are open in London, UK for normal banking business
<b>CCG's</b>	clinical commissioning groups
<b>City Code</b>	the City Code on Takeovers and Mergers
<b>Company or cloudBuy</b>	cloudBuy
<b>Completion</b>	completion of the Financing
<b>Concert Party</b>	together, Mr. Roberto Sella and Mr. Michael Pasternak, further details of which appear in paragraphs 1 and 2 of Part IV of this document
<b>document or Circular</b>	this document
<b>Equity Financing</b>	any equity financing by the Company following the execution of the Future Equity Participation Agreement, involving the issue of new Ordinary Shares for cash by way of a pre-emptive offer of to existing Shareholders or a non-pre-emptive offer of new Ordinary Shares, including without limitation, a rights issue, a placing or an open offer but excluding any issue of new Ordinary Shares pursuant to the exercise of any options or warrants which have been granted to employees, directors, family members or associates of the Company
<b>Existing CLS</b>	the £1.00 convertible secured loan notes constituted pursuant to the 2016 Loan Note Instrument (which includes any PIK CLS issued thereunder as payments in kind in lieu of interest)
<b>Existing CLS Shares</b>	up to 469,404,100 new Ordinary Shares to be issued upon conversion of the Existing CLS at the Conversion Price including the maximum number of PIK CLS
<b>Existing CLS Conversion Price</b>	6.5 pence per Existing CLS Share or, after the Existing Notes Final Redemption Date, 1 pence per Existing CLS Share if the principal amount of and accrued interest on any outstanding Existing CLS have not been repaid on or before the Existing Notes Final Redemption Date
<b>Existing Debenture</b>	the debenture granted by the Company in favour of Mr. Roberto Sella

	to secure the Existing Loan Notes, further details of which are set out in paragraph 7 of Part V of this document
<b>Existing Loan Notes</b>	the Existing CLS and / or the LS
<b>Existing Notes Final Redemption Date</b>	26 April 2026
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom
<b>Financing</b>	the constitution of the New CLS and the subsequent subscription for New CLS on the terms of the Subscription Agreement
<b>Form of Proxy</b>	the form of proxy which accompanies this document for use in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company to be held at 10:00a.m. on 27 December 2017 at the Company's registered office at 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN (or any adjournment thereof), notice of which is set out at the end of this document
<b>Group</b>	the Company and its subsidiary and associated undertakings at the date of this document
<b>Independent Board</b>	the Board, excluding Mr. Michael Pasternak
<b>Independent Shareholders</b>	the Shareholders, other than the members of the Concert Party participating in the Financing
<b>ISIN</b>	International Securities Identification Number
<b>Loan Notes</b>	any of the New CLS or Existing CLS and/or the LS
<b>LS</b>	the 1,577,438 £1.00 non-convertible secured loan notes constituted (which exclude any additional non-convertible secured loan notes issued as payments in kind in lieu of interest)
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Money Laundering Regulations</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) and obligations in connection with money laundering under the Criminal Justice Act 1993, the Anti Terrorism, Crime and Security Act 2001 and the Proceeds of Crime Act 2002
<b>New CLS</b>	the £1.00 convertible loan notes constituted pursuant to the New Loan Note Instrument (which includes any New PIK CLS)
<b>New CLS Final Redemption Date</b>	27 December 2027
<b>New CLS Shares</b>	up to 428,577,900 new Ordinary Shares to be issued upon conversion of the New CLS at the New CLS Conversion Price including the maximum number of New CLS issuable as New PIK CLS
<b>New CLS Conversion Price</b>	2 pence per New CLS Share or 1 pence per New CLS Share which price shall apply at any time after the New CLS Final Redemption Date if the principal amount of and accrued interest on any outstanding New CLS have not been repaid on or before the New CLS Final Redemption Date
<b>New Debenture</b>	the new debenture to be granted by the Company in favour of Mr. Roberto Sella to secure all the New CLS
<b>New Loan Note Instrument</b>	the loan note instrument to be executed by the Company constituting the New CLS, details of which are set out in paragraph 1.2 of Part II of this document

<b>New PIK CLS</b>	additional New CLS issued as payment in kind to satisfy interest due on the principal New CLS
<b>Notice of General Meeting</b>	the notice convening the General Meeting which is set out at the end of this document
<b>Official List</b>	the daily official list maintained by the FCA
<b>Ordinary Shares</b>	the ordinary shares of 1 penny each in the capital of the Company
<b>Overseas Shareholder</b>	a Shareholder who is resident, or who is a citizen of, or who has a registered address in a jurisdiction outside the United Kingdom
<b>Personal Health Budget (PHB)</b>	is an amount of money to support the identified healthcare and wellbeing needs of an individual
<b>PHBChoices</b>	is a web based market place where Personal Health Budget (PHB) holders can purchase products and services from suppliers in line with their support plan
<b>PIK CLS</b>	additional CLS issued as payment in kind to satisfy interest due on the principal Existing CLS
<b>Regulatory Information Service</b>	has the meaning given in the AIM Rules for Companies
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
<b>Rule 9 Offer</b>	a general offer for the shares of the Company in accordance with Rule 9 of the City Code
<b>Rule 9 Waiver</b>	the waiver agreed by the Takeover Panel and to be approved by the Independent Shareholders of the obligation that would otherwise fall upon the Concert Party pursuant to Rule 9 of the City Code to make a Rule 9 Offer as a result of the proposals in respect of the Financing being implemented
<b>Shareholders</b>	the holders of Ordinary Shares
<b>sterling, pounds sterling, £, pence or p</b>	the lawful currency of the United Kingdom
<b>Subscription</b>	the conditional subscription by Roberto Sella for the New CLS pursuant to the Subscription Agreement
<b>Subscription Agreement</b>	the subscription agreement dated 8 December 2017 between the Company and Roberto Sella in connection with the Subscription, details of which are set out in paragraph 1.1 of Part II of this document
<b>Takeover Panel</b>	The Panel on Takeovers and Mergers
<b>UK Listing Authority</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>Whitewash Resolution</b>	an ordinary resolution to approve the Rule 9 waiver, which must be passed on a poll at a general meeting by the Independent Shareholders



## PART I

### LETTER FROM THE CHAIRMAN

# cloudBuy plc

*(incorporated in England and Wales with registered number 03732253)*

#### *Directors:*

Ronald Duncan (Executive Chairman and Chief Information Officer)

Lyn Duncan (Chief Executive Officer)

David Gibbon (Chief Financial Officer, Chief Operating Officer and Company Secretary)

Patrick Broughton (Senior Non-executive Director)

David Chellingsworth (Non-executive Director)

Michael Pasternak (Non-executive Director)

#### *Registered Office:*

Unit 5 Jupiter House  
Calleva Park  
Aldermaston  
Reading  
RG7 8NN

8 December 2017

Dear Shareholder,

### **Proposed issue of convertible secured loan notes in the aggregate principal amount of up to £3,400,000**

#### **Rule 9 Waiver**

**and**

#### **Notice of General Meeting**

### **1. Introduction and summary**

On 26 April 2016, the Company created secured loan notes in the aggregate principal amount of £5.75 million, all of which were to be subscribed for by Roberto Sella, an existing shareholder in the Company. On 8 December 2017, your Board announced that Mr Sella had agreed to extend the existing loan finance facility he has provided to the Company.

It is now proposed that new convertible secured loan notes of £1.00 par value each in the aggregate principal amount of £3.4 million will be created and an initial tranche in the principal amount of £1.7 million issued. The New CLS attract an annual interest charge of 2.33 per cent. and will be convertible at a price of 2p per share into new Ordinary Shares.

Mr. Roberto Sella, who is solely participating in the Financing, is considered to be acting in concert with Mr. Michael Pasternak, an existing Shareholder and a non-executive director of the Company, for the purposes of the City Code.

As a result of the issue of the New CLS, the Concert Party will potentially have an interest in the Company of up to 89.0 per cent of the Company's issued share capital and voting rights and as such Shareholder consent is required for the Financing.

Further information on the Concert Party can be found in Part IV of this document.

Further details on the Financing can be found in paragraph 4 of this Part I of this document of this document.

**The purpose of this document is to explain the background to and reasons for the Financing, to explain why the Board considers the Financing to be in the best interests of the Company and its Shareholders and why the Independent Board recommends that you vote in favour of the Whitewash Resolution to be proposed at the General Meeting, as they and their immediate families and connected persons (within the meaning of section 252 of the Act) intend to do in respect of their aggregate holdings of 23,788,356 Ordinary Shares representing approximately 18.24 per cent of the issued share capital and voting rights of the Company, and why the Board recommends that you vote in favour of the Resolutions, excluding the Whitewash Resolution as they, including Mr. Michael Pasternak, and their immediate families and connected persons (within the meaning of section 252 of the Act) intend to do in**

**respect of their aggregate holdings of 25,938,356 Ordinary Shares representing approximately 19.89 per cent of the issued share capital and voting rights of the Company, notice of which is set out at the end of this document.**

## **2. Background to and reasons for the Financing**

On 26 April 2016, the Company completed a financing of £5.75 million in the form of a loan note instrument creating the Existing Loan Notes which were subscribed by Roberto Sella, an existing shareholder in the Company. The Existing Loan Notes were divided into £4.17 million convertible (at 6.5 pence per share) and £1.58 million non-convertible notes. The Existing Loan Notes attract an annual interest charge of 2.33 per cent. The Existing Loan Notes are secured by a debenture entered into between the Company and Roberto Sella. In addition, Roberto Sella was granted the right, but not the obligation, to participate in future equity financings at 80 per cent. of the price of other investors up to 26 April 2026 (being the term of the Existing Loan Notes). The final tranche of the Existing Loan Notes was drawn down by the Company on 25 May 2017.

The Existing Loan Notes were issued to provide working capital whilst the Company's business model was transitioned to focus new customer leads globally and to allow time for existing contracted marketplaces to be developed and generate transaction revenue.

During the second half of 2016 and for 2017 to date, the Company's focus was on revenue generation from existing contracts and identifying which of its new opportunities would deliver material levels of future revenue. A rigorous cost reduction plan has been implemented including a significant reduction in staff numbers and withdrawing from a number of countries so that the Company now only has costs in countries where there is ongoing revenue. The company has also focussed resource on the PHBChoices UK care marketplace through its customer NHS Shared Business Services Limited.

Although much progress has been made, the Company requires additional financing in order to continue the development of its technologies and allow time for the growth in PHBChoices. Roberto Sella believes that the Company has now adopted a focused strategy that will deliver returns to Shareholders which is why he has agreed to provide the additional Financing from his personal resources.

Receipt of the funds from the Financing will be used to provide working capital to the business. The Concert Party's intentions for the Company are set out in Section 4 of Part IV of this Document, however they are not currently proposing any changes to the Company.

The Board consider it important that the balance sheet is strengthened by this financing before the year end of 31 December 2017 to assist with the going concern review to be carried out as part of the audit and also to improve the company's rating by credit agencies.

The Board further believe that the initial proceeds of the issue of New CLS, being £1.7 million before expenses, will be sufficient to take the business of the Company to profitability.

## **3. Trading update, current trading and prospects**

cloudBuy is a global provider of cloud-based e-commerce marketplaces and business to business buyer and supplier solutions.

On 16 August 2017, the Company released its Interim Results for the six months ended 30 June 2017, which stated:

*"We continue to focus on our key projects.*

### *PHBChoices*

*Our Marketplace for Personal Health Budgets (PHB's) is showing considerable promise with around 25% of Clinical Commissioning Groups (CCG's) either contracted or engaged in advanced discussions and a strong pipeline across the remainder. Working with the early adopters, our customer, NHS Shared Business Services (NHS SBS) has developed a compelling business case for CCG's to use PHBChoices. PHB's are projected to represent £7bn of NHS spend by 2020/21 with 100,000 budget holders planned. Working with our current CCG's, NHS SBS has identified significant efficiencies and savings when PHBChoices is deployed: the ratio of PHB's able to be managed by each CCG staff member increases fivefold and there are additional cash releasing savings of around 25% of amounts spent.*

*The majority of PHB's currently in place employ personal assistants (PA's) rather than using care suppliers. Recognising this and to increase the breadth of the offer, NHS SBS Employment Services have added a payroll solution to PHBChoices to include PA's alongside the 400,000 NHS staff members they currently pay. From a cloudBuy perspective we have developed a PA module which covers PA booking, time-sheets, time and attendance and feeds directly into the payroll service ensuring that we have a fully electronic solution. On average PHB holders employ 4 PA's, however this can increase to 10 or more for individuals with very complex health needs, making this a critical area for the success of PHBChoices.*

*During the first half we engaged with CCG's and their PHB holders on a pilot basis as it became clear that we would have to develop a fully functional solution to PA's for this phase of take-on to be successful. This is now largely complete and from September CCG's are going live with standard contracts.*

*NHS England has increased the pressure on CCG's to hit their PHB targets and has introduced 'Markers of Progress' to track the progress of each CCG against their expected PHB numbers. This information is available in the public domain.*

#### *United Overseas Bank in Singapore*

*We are providing a marketplace for the bank's SME customers, giving access to special offers and competitive pricing from a range of flagship suppliers. The initial suppliers are all large organisations with whom the bank has a strategic relationship. The marketplace is now live in Singapore, with a wider Asia Pacific roll out being considered for Q4 and 2018. The contract is revenue generating with set up fees, SaaS licence and transaction fees payable to cloudBuy. We are currently working with the suppliers to integrate their booking and inventory systems with the UOB marketplace.*

#### *Confederation of Indian Industry*

*The CII marketplace in India has continued to develop with approximately 55,000 products featured and available for purchase. The majority of the content is manufacturing based and early transactions are subject to a request for quote rather than an ecommerce basket purchase. These early suppliers are receiving orders and a small number are interested in purchasing their own cloudBuy B2B websites as a consequence.*

#### *Egyptian Marketplace*

*We have started initial discovery work on our first project in Egypt with the Federation of Egyptian Chambers of Commerce under our MOU agreement with Visa and Efinance. Efinance, shares many of the characteristics of NHS SBS as it is a major supplier of outsourced services to the Egyptian government and private enterprises. This along with the involvement of Visa, gives additional confidence in the attractiveness of the prospect.*

#### *York Schools*

*Our project with the York Region District School Board in Ontario is now live and our client is showcasing the system to the 72 other school boards that can join in under the contract, along with the municipal governments. The contract is revenue generating with set up fees, SaaS licence and transaction fees payable to cloudBuy.*

#### *HealthShare New South Wales*

*Our flagship Spend Analytics project in Australia is live and providing spend analysis to 33 hospitals and health organisations in the region. We have identified significant savings opportunities for our client during implementation and this has generated further interest from other Australian States in using the product. The contract is revenue generating with set up fees and SaaS licence fees payable to cloudBuy."*

The Company confirms there has not been any change in the financial or trading position of the Company since the interim results released 16 August 2017.

**The Directors believe that the Group has a positive future with the anticipated funding outlined in this document. If the Financing is not approved at the General Meeting, then the Company is likely to become insolvent in the future unless alternative funding can be obtained, and may receive a qualified audit report for the year ended 31 December 2017 on the basis of going concern.**

#### **4. Key Financial Information**

Key financial information extracted from the Company's Annual Reports for the years ended 31 December 2014, 2015

and 2016 and the Interim Statement for the period ended 30 June 2017.

	Year ended 31 December 2014 (£,000)	Year ended 31 December 2015 (£,000)	Year ended 31 December 2016 (£,000)	Six months ended 30 June 2017 (£,000)
Revenue	£2,124	£1,748	£1,714	£819
Operating Loss	£4,629	£6,074	£4,055	£1,296
Loss After tax	£4,548	£5,973	£4,114	£1,480
Net cash used by operations	£3,622	£4,830	£3,756	£1,181

  

	As at 31 December 2014 (£,000)	As at 31 December 2015 (£,000)	As at 31 December 2016 (£,000)	As at 30 June 2017 (£,000)
Total assets	£5,988	£1,435	£1,956	£2,250
Net assets / (liabilities)	£4,882	£546	£(2,135)	£(3,234)
Cash and Cash equivalents	£4,545	£754	£1,035	£1,469

The information shown above is a summary of the Company's annual reports and interim statement. Shareholders should review the complete reports in making their decision which are available on the company's website <http://investor.cloudBuy.com/financial-reports.html>.

## 5. Terms of the Financing and associated security

Pursuant to the terms of the Subscription Agreement, conditional on the satisfaction of certain conditions, including the passing of the Resolutions at the General Meeting, Mr. Roberto Sella has:

- subscribed for and the Company has agreed to issue 1,700,000 of the New CLS in the aggregate principal amount of £1,700,000 for cash; and
- been granted the right (but has no obligation), upon receiving a written request for further investment from the Company at any time prior to the New CLS Final Redemption Date, to subscribe for up to a further 1,700,000 New CLS in the aggregate principal amount of £1,700,000. Under the terms of the Subscription Agreement, the Company is obliged to invite Roberto Sella to subscribe for the balance of New CLS not then issued prior to approaching any other investor. This right will remain in place until the earlier of the New CLS Final Redemption Date and the date upon which the New CLS have been issued in full.

The table set out at paragraph 1.2 of Part II of this document sets out (i) the principal amount of the New CLS permitted to be issued by the Company to Roberto Sella on the initial issue to him of New CLS and on any subsequent issue to him of New CLS.

Until the New CLS are converted into Ordinary Shares, in accordance with the provisions of the New Loan Note Instrument, interest shall accrue and be paid on the principal amount of the New CLS outstanding at a rate of 2.33% per annum and shall become due and payable by the Company to Mr. Roberto Sella as the holder of the New CLS on each 6-month anniversary of the date of issue of the New Loan Note Instrument. If the Company fails to pay redemption monies or interest when due on the New CLS, interest shall continue to accrue on the unpaid amount at a rate of 2.33% per annum.

On any date on which interest on the New CLS is payable, the Company may at its own option issue to Mr. Roberto Sella as the holder of the New CLS that number of additional New CLS (in satisfaction of the Company's obligation to pay interest on any such date) of £1.00 nominal amount that equals every £1.00 of interest due to Mr. Roberto Sella as the holder of the New CLS in full or partial satisfaction of interest that has accrued in respect of the New CLS up to that date.

Under the terms of the Subscription Agreement Mr. Roberto Sella will have the right but not the obligation to appoint up to (but not more than) 40 per cent. of the total number of directors on the Company's board of directors from time to time and from time to time to remove any such director appointed by him and appoint another in his place. For these purposes Michael Pasternak is deemed to be one such director. Any appointment or removal of a director by Mr. Roberto Sella shall be subject to the prior approval of the Company's nominated adviser following all such due diligence as it deems appropriate in order to assess the ongoing appropriateness of the Company for admission to trading on AIM.

The New CLS will be secured on the assets of the Company under the terms of the New Debenture, the terms of which are similar to those of the Existing Debenture.

Shareholders are reminded that under the terms of the Future Equity Participation Agreement the Company has agreed that Mr. Roberto Sella shall have the right, but not the obligation, during the term of the Existing Loan Notes to participate (with an allocation to him of new Ordinary Shares that is at least equal on a pro-rata basis to his shareholding in the Company on the date of the future equity participation agreement) in any Equity Financing at a subscription price that is 80% (eighty per cent.) of the issue price to be offered to the other Shareholders or other new investors in the Company who participate in any Equity Financing. All other terms and conditions of any Equity Financing shall apply equally to Mr. Roberto Sella as they shall apply to the other Shareholders or any other new investors in the Company. The terms of the Future Equity Participation Agreement are unaffected by the Financing and will continue to apply to any Equity Fundraising during the term of the Existing Loan Notes.

The terms of the Subscription Agreement, the New Loan Note Instrument and the New Debenture are more fully set out in Part II of this document.

Upon conversion of the New CLS (including any New PIK CLS issued by way of payment in kind of interest), application will be made for the applicable number of New CLS Shares to be admitted to trading on AIM, and the Company will provide the relevant notifications to the market setting out the number of New CLS held by the Concert Party, the Concert Party's interest in voting rights, and the total number of New CLS Shares that could be issued.

## **6. Use of proceeds of the Financing**

The net proceeds of the Financing will be applied towards working capital purposes and in particular to continue with investment to drive revenue growth in PHBChoices and support revenue generation from existing contracts and focussed new revenue opportunities.

## **7. The City Code on Takeovers and Mergers**

The Financing gives rise to certain considerations under the City Code. Brief details of the Takeover Panel, the City Code and the protections they afford are described below.

The City Code is issued and administered by the Takeover Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed or unlisted public company resident in the United Kingdom (and to certain categories of private limited companies). The Company is an AIM quoted public company and its Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) 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 the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company. Under the City Code, control means an interest, or aggregate interests, in shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the interest or interests gives de facto control.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him is interested in shares carrying over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Mr. Roberto Sella and Mr. Michael Pasternak are treated as acting in concert under the City Code. A table setting out each member of the Concert Party's individual interests as at the date of this document and immediately following Completion is set out in paragraph 3.3 of Part IV of this Document and reasons for them being treated as a concert party are included in Part IV of this document.

**Following approval of the Financing, Roberto Sella and Michael Pasternak will in aggregate hold 16,850,000 Ordinary Shares and a maximum of £11,473,155 Loan Notes, of which £8,979,820 will be convertible into Ordinary Shares. Assuming no other person has exercised any option or any other right to subscribe for shares in the Company following the date of this document and there has been no further issues of Ordinary Shares, upon full conversion of the New CLS and the Existing CLS, and assuming that the Company converts such Loan Notes and all applicable interest on or prior to the Existing Notes Final Redemption Date in the case of the Existing CLS and the New CLS Final Redemption Date in the case of the New CLS, the Concert Party will be interested in 303,354,965 Ordinary Shares carrying a maximum 72.8 per cent. of the voting rights of the Company. Without a waiver of the obligations under Rule 9 of the City Code, this would oblige the Concert Party to make a Rule 9 Offer.**

**In the event that any Existing CLS or any accrued but unpaid interest thereon is not repaid or converted into Ordinary Shares on or before the Existing Notes Final Redemption Date and the Company is therefore in default, the conversion price for each Existing CLS Share will fall to 1 penny. In the event that any New CLS or any accrued but unpaid interest thereon is not repaid or converted into Ordinary Shares on or before the New CLSA Final Redemption Date and the Company is therefore in default, the conversion price per New CLS Share will reduce to 1 penny. As a result, assuming no further issues of Ordinary Shares, the maximum interest of the Concert Party upon full conversion of the New CLS and Existing CLS in such a default situation would be 914,832,000 Ordinary Shares representing 89.0 per cent. of the voting rights of the Company.**

Shareholders should note that:

**Assuming full subscription and conversion of the Loan Notes, the Concert Party may come to hold shares carrying more than 50 per cent. of the total voting rights of the company. If the Concert Party obtains more than 50 per cent. of the total voting rights they will be able to acquire further interests in Ordinary Shares without incurring any further obligation to make a general offer, subject to the individual limits of the City Code described above.**

**Assuming full subscription and conversion of the Loan Notes, Roberto Sella may come to hold shares carrying more than 50 per cent. of the total voting rights of the company. If Roberto Sella obtains more than 50 per cent. of the total voting rights he will be able to acquire further interests in Ordinary Shares without incurring any further obligation to make a general offer.**

## **8. Dispensation from General Offer**

Under Note 1 of the Notes of the Dispensations from Rule 9 of the City Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code if, inter alia, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Takeover Panel has agreed to such waiver in relation to the Financing, subject to the Whitewash Resolution being passed on a poll.

**Accordingly, by voting in favour of the Resolutions to be proposed at the General Meeting, the Financing can be effected without the requirement for the Concert Party to make a general offer for the Company.**

The Concert Party will not vote on the Whitewash Resolution. The Concert Party or any member of the Concert Party will not be restricted from making an offer for the Ordinary Shares which it will not own post-Completion.

## **9. Related Party Transactions**

Owing to Roberto Sella holding 11.27 per cent. of the issued share capital of the Company, together with the fact that he is deemed to be acting in concert with Mr. Michael Pasternak, the Financing will constitute a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. The Directors (other than Michael Pasternak), consider, having been so advised by Arden Partners plc, the Nominated Adviser to the Company, that the terms of the Financing and the Rule 9 Waiver are fair and reasonable insofar as its Shareholders are concerned. In providing advice to the independent Directors, Arden has taken into account the commercial assessments of the independent Directors.

## **10. Founder Concert Party**

Under the City Code, Mr. Ronald Duncan and Mrs. Lyn Duncan, Executive Chairman and Chief Information Officer, and Chief Executive Officer respectively, who are husband and wife and their connected persons being James Duncan and Isabella Duncan, Ronald Duncan's parents, Rena Gill, Lyn Duncan's mother and Jamie Duncan and Pippa Duncan, Ronald and Lyn Duncan's children (the "**Founders**"), are presumed to be acting in concert with each other (but not with the Concert Party).

The Founders pursue their own independent investment objectives in a manner which they consider best suit their own interests and objectives.

Full details of the current interests of the Founders are given in paragraph 3.3 of Part V of this document.

## **11. Risk Factors**

Shareholders should consider fully the risk factors associated with the Financing, the business of the Company, the stock market and share trading. Your attention is drawn to the section entitled "**Risk Factors**" set out in Part III of this document.

## **12. Share issuance authorities**

The Company does not have the requisite corporate authorities in place to enable the Company to allot and issue the New CLS. Accordingly, in order for the Company to be permitted to allot and issue such convertible securities, the Company needs to obtain approval from its Shareholders to grant the Board additional authority to allot and issue the same and to disapply the statutory pre-emption rights which would otherwise apply to the allotment and issue of such convertible securities.

The Company is therefore seeking Shareholders' consent to grant the Directors authority to allot equity securities and disapply pre-emption rights pursuant to Section 551 and Section 570 of the Act respectively. A summary of these and the other Resolutions is set out in paragraph 13 below.

## **13. General Meeting and importance of the vote**

A notice convening the General Meeting of the Company, to be held at 10:00 a.m. on 27 December 2017 at the registered office of cloudBuy, 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN is set out at the end of this document. The General Meeting will be held to consider and, if thought appropriate, pass the Resolutions summarized below. Please note that the summary and explanation set out below is not the full text of the Resolutions and Shareholders should review the full text of the Resolutions before returning their Forms of Proxy.

**Shareholders should be aware that if any of the Resolutions are not approved by Shareholders at the General Meeting, the Financing will not proceed as currently envisaged and, as a consequence, the anticipated net proceeds of the Financing will not become available to fund the Company's working capital and the Company will be unable to achieve the objectives set by the Board. Accordingly, the Company is likely to be insolvent in the future unless alternative funding can be obtained, and may receive a qualified audit report for the year ended 31 December 2017 on the basis of going concern.**

It is therefore important that Shareholders vote in favour of all of the Resolutions in order that the Financing can proceed.

The Resolutions can be summarised as follows:

- (i) Resolution 1, which will be proposed as an ordinary resolution, seeks the approval of the Independent Shareholders to waive the obligation of the Concert Party which would otherwise arise under Rule 9 of the City Code as a result of the participation of Roberto Sella in the Subscription and the allotment to him of the New CLS Shares arising on conversion of the New CLS. Voting on Resolution 1 will be on a poll;
- (ii) Resolution 2, which will be proposed as an ordinary resolution, is to authorise the Directors to allot equity securities (the definition of which includes securities convertible into ordinary shares such as the New CLS) up to an aggregate nominal amount of £2,142,889.50 in respect of the allotment and issue of the New CLS, being the nominal value of the maximum number of New CLS Shares; and
- (iii) Resolution 3, which will be proposed as a special resolution, disapplies statutory pre-emption rights in respect of the allotment of the New CLS (including the maximum number of New PIK CLS).

The provisions of section 561(1) of the 2006 Act, to the extent that they are not disapplied, confer on Shareholders statutory rights of pre-emption in respect of the allotment of equity securities which are, or are to be paid up, wholly in cash. Resolution 3 authorises the disapplication of such statutory pre-emption rights in respect of the New CLS (including the maximum number of New PIK CLS).

#### **14. Action to be taken**

**A Form of Proxy for use in connection with the General Meeting accompanies this document. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return a Form of Proxy in accordance with the instructions printed thereon so as to be received by the Company Secretary, cloudBuy, 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN as soon as possible and, in any event, not later than 10:00 a.m. on 21 December 2017.**

**Completion and return of the Form of Proxy will not affect Shareholders' rights to attend and vote in person at the General Meeting if they so wish.**

**In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, the Shareholder should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.**

#### **15. Additional information**

Your attention is drawn to the Risk Factors set out in Part III of this document and the additional information set out in Part V of this document. Shareholders are advised to read the whole of this document and to not rely solely on the summary information presented in this Part I.

This document will be available for a period of twelve months from the date of this document on the Company's website [www.investor.cloudBuy.com](http://www.investor.cloudBuy.com) free of charge in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

#### **16. Recommendation**

**The Independent Board, having been so advised by Arden, considers the Financing to be fair and reasonable in the best interests of the Company and its Shareholders (excluding the Concert Party) as a whole. Accordingly, the Independent Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.**

**The Independent Board and their and their immediate families and connected persons (within the meaning of section 252 of the Act) who hold Ordinary Shares have confirmed their intention to vote in favour of the Whitewash Resolution in respect of their beneficial holdings which, in aggregate, total 23,788,356 Existing Ordinary Shares, representing 18.24 per cent. of the existing issued share capital of the Company as at the date of this document.**



The Directors and their immediate families and connected persons (within the meaning of section 252 of the Act) who hold Ordinary Shares have confirmed their intention to vote in favour of the Resolutions, excluding the Whitewash Resolution, being proposed at the General Meeting in respect of their beneficial holdings which, in aggregate, total 25,938,356 Existing Ordinary Shares, representing 19.89 per cent. of the existing issued share capital of the Company as at the date of this document.

The Board believe the business has a positive future with the Financing set out in this document. If for any reason the Financing is not approved at the General Meeting, then the business is likely to become insolvent in the future unless alternative funding can be obtained, and may receive a qualified audit report for the year ended 31 December 2017 on the basis of going concern.

Yours faithfully,

**Ronald Duncan**

*Chairman*

cloudBuy plc

## PART II

### AGREEMENTS RELATING TO THE FINANCING

The following contracts have been or will be entered into by the Company in relation to the Subscription and the Financing and are, or may be, material:

#### 1.1 SUBSCRIPTION AGREEMENT

A conditional subscription agreement dated 8 December 2017 between the Company and Roberto Sella pursuant to which Roberto Sella (conditional on the satisfaction of certain conditions set out below on and subject to the terms of the Subscription Agreement and the New Loan Note Instrument):

- (a) subscribed for and the Company agreed to issue 1,700,000 of the New CLS in the aggregate principal amount of £ 1,700,000 for cash; and
- (b) has been granted the right, upon receiving a written request for further investment from the Company at any time prior to the New CLS Final Redemption Date, to subscribe for up to a further 1,700,000 New CLS in the aggregate principal amount of £1,700,000. Under the terms of the New Loan Note Instrument, the Company is obliged to invite Roberto Sella to subscribe for the balance of New CLS not then issued prior to approaching any other investor. This right will remain in place until the earlier of the New CLS Final Redemption Date and the date upon which the New CLS has been issued in full.

Roberto Sella's subscription for the New CLS under the Subscription Agreement is conditional inter alia, on the satisfaction of the following conditions:

- (a) the approval of the Independent Shareholders on a poll at the General Meeting of the waiver of any obligations Roberto Sella may have to make a general offer to Shareholders pursuant to Rule 9 of the City Code in respect of his subscription for the New CLS under the Subscription Agreement and all of the other Resolutions included in the Notice of General Meeting; and
- (b) the entering into of the New Debenture.

In the event that the above conditions have not been satisfied on or before 19 January 2018, the terms of the Subscription Agreement shall cease to have effect immediately after that time on that date except for certain provisions relating to, for example, confidentiality and announcements, the giving of notices and jurisdiction.

Under the terms of the Subscription Agreement Mr. Roberto Sella will have the right (but not the obligation) to appoint up to (but not more than) 40 per cent. of the total number of directors on the Company's board of directors from time to time and from time to time to remove any such director appointed by him and appoint another in his place. For these purposes Michael Pasternak is deemed to be one such director. Any appointment of a new director or removal of a director by Mr. Roberto Sella shall be subject to the prior approval of the Company's nominated adviser following all such due diligence as it deems appropriate in order to assess the ongoing appropriateness of the Company for admission to trading on AIM.

#### 1.2 NEW LOAN NOTE INSTRUMENT

The loan note instrument executed on 8 December 2017 by the Company constituting the New CLS in the aggregate principal amount (excluding any New PIK CLS) of £3,400,000. The New CLS when issued and outstanding shall rank pari passu, equally and rateably, without discrimination or preference among themselves and as secured obligations of the Company. The New CLS constituted by the New Loan Note Instrument shall be subscribed for by Roberto Sella in accordance with the terms of the Subscription Agreement.

The table below sets out (i) the principal amount of the New CLS permitted to be issued by the Company to Roberto Sella on the initial issue to him of New CLS under the terms of the Subscription Agreement and on any subsequent issue to him of New CLS under the terms of the Subscription Agreement \*\*.

Principal Amount of New CLS (£)	Number of Ordinary Shares if New CLS fully converted at Conversion Price of £0.02
------------------------------------	--

Initial Issue	£1,700,000	85,000,000
Maximum Subsequent Issues***	£1,700,000	85,000,000
<b>Total:</b>	<b>£3,400,000</b>	<b>170,000,000</b>

<b>Maximum New PIK CLS</b>	<b>£885,779</b>	<b>44,288,950</b>
<b>Total</b>	<b>4,285,779</b>	<b>214,288,950</b>

\*\*\* excluding any New PIK CLS.

The New CLS are freely transferable by Roberto Sella as the holder of the New CLS subject always to him transferring all (and not some only) of the New CLS.

The proceeds of all such subscriptions for the New CLS shall be used to fund the Company's working capital requirements. Until the New CLS are repaid by the Company or converted into Ordinary Shares, in each case in accordance with the provisions of the New Loan Note Instrument, interest shall accrue and be paid on the principal amount of the New CLS at a rate of 2.33% per annum and shall become due and payable by the Company to Roberto Sella as the holder of the New CLS on each 6-month anniversary of the date of issue of the New CLS. If the Company fails to pay redemption monies or interest when due on the New CLS, interest shall continue to accrue on the unpaid amount at a rate of 2.33% per annum.

On any date on which interest on the New CLS is payable, the Company may at its own option issue to Roberto Sella as the holder of the New CLS that number of additional New CLS (in satisfaction of the Company's obligation to pay interest on any such date) of £1.00 nominal amount that equals every £1.00 of interest due to Roberto Sella as the holder of the New CLS in full or partial satisfaction of interest that has accrued in respect of the New CLS up to that date:

<b>Payment In Kind New CLS</b>	<b>Amount (£)</b>	<b>Number of Ordinary Shares if New CLS issued as Payment In Kind fully converted at Conversion Price of £0.02</b>
For each	£100	5,000

No interest accruing after the New CLS Final Redemption Date may be paid in kind so the maximum nominal value of New PIK CLS which are capable of being issued are is £390,786.

No application has been, or shall be, made to any investment exchange (whether in the United Kingdom or otherwise) for permission to deal in, or for an official or other listing or quotation, in respect of the New CLS. The New CLS have not been registered under the United States Securities Act of 1933 nor qualified under any US state securities laws and are being issued pursuant to an exemption from registration contained in the United States Securities Act of 1933 and qualification provisions of applicable United States state securities laws.

The Company will provide the following financial information in respect of the Company to Roberto Sella for so long as he is the holder of the New CLS, which obligation of the Company shall automatically cease and determine upon the transfer by Roberto Sella of any New CLS and which shall not be an obligation of the Company to any subsequent holder of the New CLS:

- (a) within 180 days after the end of each of its financial years, the audited consolidated accounts of the Company;
- (b) within 30 days after the end of each month, it's the monthly management accounts of the Company in the format distributed to its board of directors; and
- (c) promptly, all notices or other documents dispatched by the Company to its shareholders (or any class of them) or to its creditors generally.

If Roberto Sella as the holder of the New CLS so determines, all the New CLS then in issue (so far as not converted into Ordinary Shares) prior to the New CLS Final Redemption Date shall be redeemed at the principal amount together with interest on the New CLS outstanding at the rate of 2.33% per annum on the relevant of the following dates:

- (a) 27 December 2022; or
- (b) a date not less than 20 Business Days following a material breach by the Company of any of the terms and/or conditions of the New Loan Note Instrument; or
- (c) a date not less than 20 Business Days following the occurrence of certain events of default; or
- (d) a date not less than 20 Business Days following a change of control of the Company,

If not otherwise converted the New CLS shall be redeemed on the New CLS Final Redemption Date when the Company shall repay to Roberto Sella as the holder of the New CLS the principal amount of the New CLS so redeemed, together with interest on such New CLS outstanding at the rate of 2.33% per annum.

Roberto Sella as the holder of the New CLS may at any time serve a written notice on the Company to convert all or part of the CLS outstanding into fully paid Ordinary Shares at the New CLS Conversion Price.

The Ordinary Shares arising on conversion of the New CLS shall be credited as fully paid and rank pari passu with Ordinary Shares of the same class in issue on the conversion date and shall carry the right to receive all dividends and other distributions declared after the conversion date. Provided that at the time of issue of Ordinary Shares pursuant to the conversion of the New CLS, the Ordinary Shares (or any of them) are listed on the Official List of the UK Listing Authority or are admitted to trading on AIM or permission has been granted for dealings therein on any other recognised investment exchange in any part of the world, the Company will, not later than two Business Days after the issue of such Ordinary Shares, apply to such body for permission to deal in or for quotation of such Ordinary Shares (as the case may be) and shall use all reasonable endeavours to secure such permission or quotation.

### 1.3 NEW DEBENTURE

Subject to the passing of the Resolutions, the New Debenture shall be executed between the Company and Roberto Sella pursuant to which the Company agrees to provide security over the assets of the Company to Roberto Sella in respect of the monies paid by Roberto Sella to the Company by way of his subscription for the New CLS.

The Company shall on demand pay to Roberto Sella and discharge the secured liabilities when they become due under the terms of the Loan Notes, being all present and future monies, obligations and liabilities owed by the Company to Roberto Sella, whether actual or contingent and whether owed jointly or severally, as principal or surety and/or in any other capacity whatsoever, under or in connection with the Loan Notes, the 2016 Loan Note Instrument, the New Loan Note Instrument or the New Debenture together with interest payable in respect of such monies or liabilities. As a continuing security for the payment and discharge of such secured liabilities, the Company with full title guarantee charges to Roberto Sella by way of fixed charge all present and future goodwill and uncalled capital for the time being of the Company and charges to Roberto Sella by way of floating charge, all the undertaking, property, assets and rights of the Company at any time not effectively mortgaged, charged or assigned pursuant to such fixed charge.

Such floating charge shall automatically and immediately (without notice) be converted into a fixed charge over the relevant charged property of the Company (being all the assets, property and undertaking of the Company for the time being subject to the security interests created by the New Debenture) if:

- (a) the Company creates, or attempts to create, over all or any part of the charged property an encumbrance (being any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect) without the prior written consent of Roberto Sella or any trust in favour of another person or disposes or attempts to dispose of all or any part of such charged property (other than property subject only to the floating charge while it remains uncrystallised, which property may be disposed of in the ordinary course of business); or
- (b) a receiver is appointed over all or any of such charged property that is subject to the floating charge; or
- (c) any person levies or attempts to levy any distress, attachment, execution or other process against all or any part of such charged property; or

(d) Roberto Sella receives notice of the appointment of, or a proposal or an intention to appoint, an administrator of the Company.

Roberto Sella may in his sole discretion at any time by written notice to the Company convert the floating charge created under the New Debenture into a fixed charge as regards any part of such charged property specified by Roberto Sella in that notice. Any asset acquired by the Company after any crystallisation of the floating charge created under the Debenture which but for such crystallisation would be subject to a floating charge shall (unless Roberto Sella confirms in writing to the contrary) be charged to Roberto Sella by way of first fixed charge.

The Company covenants with Roberto Sella that, as from the date of the New Debenture until all its liabilities secured by the New Debenture have been discharged it will:

(a) promptly obtain all consents or authorisations necessary (and do all that is needed to maintain them in full force and effect) under any law or regulation to enable it to perform its obligations under such documents and instruments and to ensure the legality, validity, enforceability and admissibility in evidence of such documents and instruments in its jurisdiction of incorporation; and

(b) notify Roberto Sella of any event of default (as defined in the New Loan Note Instrument) (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

The security constituted by the New Debenture shall be immediately enforceable if:

(a) the Company fails to repay any of the Loan Notes on any redemption date set out in the relevant loan note instrument unless its failure to pay is caused solely by an administrative error or technical problem and payment is made within three Business Days of its due date;

(b) the Company fails (other than by failing to pay), to comply with any provision of the New Debenture, the 2016 Loan Note Instrument, the New Loan Note Instrument, any of the Loan Notes, and any subscription agreement relating to any of the Loan Notes and (if Roberto Sella considers, acting reasonably, that the default is capable of remedy), such default is not remedied within twenty-one Business Days of the earlier of (i) Roberto Sella notifying the Company of the default and the remedy required and (ii) the Company becoming aware of the default;

(c) any representation, warranty or statement made, repeated or deemed made by the Company in, or pursuant to, the New Debenture, the 2016 Loan Note Instrument, the New Loan Note Instrument, any of the Loan Notes, and any subscription agreement relating to any of the Loan Notes is (or proves to have been) incomplete, untrue, incorrect or misleading in any material respect when made, repeated or deemed made;

(d) the Company stops or suspends payment of any of its debts, or is unable to, or admits its inability to, pay its debts as they fall due;

(e) any action, proceedings, procedure or step is taken for:

(i) the suspension of payments, a moratorium of any indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Company; or

(ii) the composition, compromise, assignment or arrangement with any creditor; or

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company or any of its assets; or

(iv) the enforcement of any security over any assets of the Company.

(f) the Company commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors with a view to rescheduling any of its indebtedness (because of actual or anticipated financial difficulties).

At any time after an event of default (as defined in the New Loan Note Instrument and the New Debenture) has occurred which is continuing, Roberto Sella may, by notice to the Company:

(a) cancel all outstanding obligations of Roberto Sella under the Loan Notes whereupon they shall immediately be cancelled; and/or

(b) declare that the amounts outstanding under the Loan Notes (and all other amounts outstanding under the New Debenture, the 2016 Loan Note Instrument, the New Loan Note Instrument and any subscription agreement relating to any of the Loan Notes) are immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that the amounts outstanding under the Loan Notes be payable on demand, whereupon such amounts shall become immediately payable on demand by Roberto Sella; and/or

(d) declare the New Debenture to be enforceable.

A receiver and/or manager appointed of any or all of the property of the Company charged under the New Debenture shall have, in addition to the powers conferred on receivers by statute certain further powers as set out in the New Debenture.

Any release, discharge or settlement between the Company and Roberto Sella shall be deemed conditional upon no payment or security received by Robert Sella in respect of the secured liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise.

## PART III

### RISK FACTORS

Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, Shareholders should carefully consider all the information contained in this document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.

The following risk factors are all those known by the Directors which are considered to be material in their opinion. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and results of operations.

#### A. CONDITIONS OF THE FINANCING

The Financing is subject to certain conditions, including the need for Shareholder approval in connection with the Resolutions, the non-fulfilment of which would mean that the Financing could not be implemented and that the Company is likely to become insolvent in the future unless alternative funding can be obtained, and may receive a qualified audit report for the year ended 31 December 2017 on the basis of going concern.

#### B. BUSINESS RISKS

##### *Force majeure*

The economics of the Company's projects may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities, sabotage, fires, floods, acts of God, explosions or other catastrophes or epidemics.

##### *Additional financing and future issues of shares may result in immediate dilution*

The Company may require further financing in addition to amounts proposed to be raised in the Financing. Any additional equity financing may be dilutive to Shareholders. In addition, the issue of additional Shares by the Company, or the possibility of such issue or exercise, may cause the market price of the Ordinary Shares to decline and may make it more difficult for Shareholders to sell Ordinary Shares at a desirable time or price.

Any debt financing, if available, may involve restrictions on other forms of financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be forced to reduce the scope of its operations, its anticipated expansion or ultimately cease to trade.

##### *The Group operates in an evolving market*

The ecommerce industry is rapidly evolving. The Group's business and prospects must, therefore, be considered in light of the risks and difficulties the Group encounters operating in this evolving industry. These risks and difficulties include:

- difficulties in managing rapid growth in personnel and operations;
- complex technology that may require substantial investment to keep up with technological developments;
- lack of profitability to date; and
- reliance on customers to change procurement habits and adopt the Group's cloud solution.

The Group cannot be certain that its business strategy will be successful or that it will successfully address these risks. The Group's failure to address any of the risks described above could have an adverse effect on its business.

***The Group's platform depends on the proper operation of the real-time communication network (typically the***

### ***Internet) used by the customer and the Company's hosting sites***

The Group relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of third parties, including the internet. Customer access to the Group's platform and the speed with which customers and suppliers interact with the online process of the platform may affect the retention of clients of the Group and the attractiveness of its services. Any failure of the network generally or any failure of current or new computer and communication systems could impair the processing and storage of data and the day-to-day management of the Group's business. While the Group does have extensive disaster recovery and business continuity contingency plans, no assurance can be given that, if a serious disaster affecting the business, its systems or operations occurred such plans would be sufficient to enable the Group to recommence trading without loss of business.

Furthermore, the Group has, from time to time, experienced operational "bugs" in its systems and technologies which have resulted in errors. The Group expects operational bugs to continue to occur from time to time due to a combination of one or more of the following: electro-mechanical equipment failures, computer server or system failures, network outages, software performance problems or power failures.

The efficient operation of the Group's business systems and IT is critical to attracting and retaining customers. If the Group is unable to meet customer demand or service expectations due to one or more of the aforementioned issues arising, deterioration in the Group's financial condition and future prospects may occur.

### ***Information security may be compromised leading to loss of contracts and reputational damage***

The Group relies on encryption and authentication technology to provide the security necessary to effect the secure transmission of confidential information from its customers. The Group cannot guarantee absolute protection against unauthorised attempts to access its IT systems, including malicious third party applications that may interfere with or exploit security flaws in the platform and the Group's services. Viruses, worms and other malicious software programs could, among other things, jeopardise the security of information stored in a user's computer or in the Group's computer systems or attempt to change the internet experience of users by interfering with the Group's ability to connect with its users. If any compromise in the Group's security measures were to occur and the Group's efforts to combat this breach are unsuccessful, the Group's reputation may be harmed leading to an adverse effect on the Group's financial condition and future prospects.

### ***The Group may be affected by an increase in governmental regulation of the internet and/or online service provision***

The application or modification of existing laws or regulations, or adoption of new laws and regulations relating to the internet and online operations could adversely affect the manner in which the Group currently conducts its business. The law of the internet remains largely unsettled, even in areas where there has been some legislative action. In addition, the growth and development of the market for online service provision may lead to more stringent customer protection laws which may impose additional burdens on the Group, all of which may have an adverse effect on the Group's financial condition and future prospects.

### ***Any expansion by the Group through merger and acquisition activity may be unsuccessful***

The Group may expand through mergers and acquisitions. In identifying potential merger and acquisition targets, the Group would make every effort to ensure appropriate due diligence is carried out. Merger and acquisition activity, including the difficulties involved in integrating companies, businesses or assets, may divert financial and management resources from the Group's core business, which could have an adverse effect on the Group's financial condition and future prospects. In addition, there can never be a guarantee that mergers or acquisitions will successfully achieve their aims.

### ***Technological risks***

The Group operates in an industry where competitive advantage is heavily dependent on technology. It is possible that technological development may reduce the importance of the Group's function in the market. Staying abreast of technological changes may require substantial investment. The Group's existing platform may become obsolete or may be superseded by new technologies or changes in customer requirements. The technology used in the Group's platform is ever evolving and is highly complex and may change rapidly. If it fails to keep up with technological developments and the resulting changes in user behaviour, its business, financial



condition and results of operations may be materially and adversely affected.

***The ownership of the intellectual property within the platform used by the Group may be challenged by third parties that have contributed to its production***

The Group's intellectual property has been developed by a number of individuals, most of whom were directly employed by the Group, but also by a number of external contractors. The Group is not aware of any third party that has any claim over the intellectual property of the Group, however, if it was proven that part of the Group's intellectual property was in fact owned by a third party, this could lead to third party infringement claims and other litigation, the removal of certain functionality from the Group's platform, a possible suspension of access to the platform and the business, financial condition and results of operations may be materially and adversely affected.

***Intellectual property protection***

The Group has no registered intellectual property rights in respect of its platform, however, under English law the Group would usually be protected by copyright over its source code. Any failure to protect the Group's intellectual property may result in another party copying or otherwise obtaining and using the platform without authorisation. There may not be adequate protection for the intellectual property in every country in which the Group's services are made available and policing unauthorised use of proprietary information is difficult and expensive. The Group may not be able to detect and prevent infringement of its intellectual property.

Any misappropriation of the Group's intellectual property could have a negative impact on the Group's business and its operating results. Furthermore, the Group may need to take legal action to enforce its intellectual property, to protect trade secrets or to determine the validity or scope of the proprietary rights of others. Litigation relating to the Group's intellectual property, whether instigated by the Group to protect its rights or arising out of alleged infringement of third party rights, may result in substantial costs and the diversion of resources and management attention and there can be no guarantees as to the outcome of any such litigation.

***Litigation***

Whilst the Group has taken, and intends to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Group, the Directors cannot preclude the possibility of litigation being brought against the Group. There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

***Expansion into overseas/new markets***

The Group's future growth may be impacted by its ability to generate business in additional geographical markets. There is no guarantee that the Group will be able to generate the required level of sales or profitability if the costs of entry into and operating in these new geographical areas prove to be higher than expected. Other anticipated barriers to entry include language and the legal and regulatory regimes of the territory concerned. There is also no guarantee that expansion into additional geographical markets will not cause disruption and harm to the Group's existing business.

***Geographical expansion may present money laundering and other legal risks on the Group***

As a function of the Group's growth, the Group may have future engagements in countries that carry money laundering risks, other legal risks and/or sanctions. The Group will monitor brief and project delivery from these territories and flag any suspicious trends.

***Dependence on key executives and personnel***

The Group's development and prospects are dependent upon the continued services and performance of its Directors, senior management and other key personnel. The loss of the services of any of the Directors, senior management or key personnel or a substantial number of talented employees, could cause disruption or the loss of experience, skills or customer relationships of such personnel, which could have a material adverse effect on

the Group's business, financial condition and results of operations.

#### ***Potential requirement for further investment***

Any further expansion, activity and/or business development may require additional capital, whether from equity or debt sources. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds if raised, would be sufficient. If additional funds are raised by issuing equity securities, dilution to the then existing shareholdings may result. Debt funding may require assets of the Group to be secured in favour of the lender, which security may be exercised if the Group were to be unable to comply with the terms of the relevant debt facility agreement. The level and timing of future expenditure will depend on a number of factors, many of which are outside the Group's control. If the Group is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned expansion, activity and/or business development.

#### ***Market risks***

The Group faces competitive and strategic risks that are inherent in a rapidly growing market. The Group's technology platform is complex and may contain undetected defects; problems may also be discovered from time to time in existing, new or enhanced services. Undetected defects could increase the Group's costs or reduce revenues. Market opportunities targeted by the Group may change and this could lead to an adverse effect upon its revenue and earnings.

#### ***Competition***

Current and potential competitors of the Group may have substantially greater financial, technical and marketing resources, longer operating histories, larger customer bases, greater name recognition and more established relationships than the Group and so may be better able to compete in the Group's target markets.

#### ***Reputation***

The Group's reputation is central to its future success, in terms of the services and products it provides, the way in which it conducts its business and the financial results which it achieves. Failure to meet the expectations of its clients, suppliers, employees, shareholders and other business partners may have a material adverse effect on the Group's reputation and future revenue.

#### ***Dividends***

The Group's current policy is not to pay dividends. There can be no assurance as to the level of future dividends (if any) that may be paid by the Group. Any determination to pay dividends in the future will be a decision for the Board (and, except in the case of an interim dividend, will be subject to Shareholder approval) and may depend upon the Group's contractual restrictions, restrictions imposed by applicable law and International Financial Reporting Standards, from time to time, and other factors the Board deems relevant. The payment of dividends by the Group is subject to its having sufficient distributable reserves and cash for such purpose, each of which will depend on the underlying profitability of the Group.

#### ***The Group's objectives may not be fulfilled***

Although the Group has a clearly defined future strategy there can be no guarantee that its objectives will be achieved. The failure of the Group to fulfil its strategy as currently anticipated (whether in whole or in part) may have an adverse effect on future Group revenue.

### **C. RISKS RELATING TO THE FINANCING**

#### ***Share price volatility***

The market price of the Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the sector or equities generally, any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates, news reports relating to trends in the

Group's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally.

### ***Dilution of ownership of Ordinary Shares***

Shareholders' (excluding Mr. Roberto Sella) proportionate ownership and voting interest in the Company will be reduced pursuant to the Financing.

### ***Pre-emption rights***

In the case of an increase of the share capital of the Company for cash, the existing Shareholders are generally entitled to pre-emption rights pursuant to the 2006 Act unless such rights are waived by a special resolution of the Shareholders at a general meeting (as proposed in respect of the Financing and the further allotments of shares under Resolutions 2 and 3), or in certain circumstances stated in the articles of association of the Company. To the extent that pre-emption rights are applicable, US and certain other non-UK holders of the Ordinary Shares may not be able to exercise pre-emption rights for their Ordinary Shares unless the Company decides to comply with applicable local laws and regulations and, in the case of US holders, unless a registration statement under the Securities Act is effective with respect to those rights or an exemption from the registration requirements thereunder is available.

### ***Ordinary Shares traded on AIM***

The existing Ordinary Shares of the Company are traded, and any new Ordinary Shares to be issued under the terms of the Financing will trade, on AIM rather than the Official List. An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached rather than for larger or more established companies. A Shareholder 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 authorised under the FSMA who specialises in advising on the acquisition of shares and other securities.

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares on AIM may have limited liquidity.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested.

### ***No guarantee that the Company's Ordinary Shares will continue to be traded on AIM***

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

### ***Taxation***

Any statements in this document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Group depends on the specific circumstances of the relevant investor.

**The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.**

## PART IV

### INFORMATION ON THE CONCERT PARTY GROUP MEMBERS AND ADDITIONAL DISCLOSURES REQUIRED UNDER THE CITY CODE

The Financing gives rise to certain considerations under the City Code. Brief details of the Takeover Panel, the City Code and the protections they afford are described below.

The City Code is issued and administered by the Takeover Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed or unlisted public company resident in the United Kingdom (and to certain categories of private limited companies). The company is an AIM quoted public company and its Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) 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 the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company which is subject to the City Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company. Under the City Code, control means an interest, or aggregate interests, in shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the interest or interests gives de facto control. Mr. Roberto Sella and Mr. Mike Pasternak are considered by the Panel to be acting in concert and therefore a concert party.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him is interested in shares carrying over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Mr. Roberto Sella and Mr. Michael Pasternak are treated as acting in concert under the City Code. A table setting out each member of the Concert Party's individual interests as at the date of this document and immediately following Completion is set out in paragraph 2.1 of Part V and reasons for them being treated as a concert party are included in this Part IV of this document.

Following approval of the Financing, and assuming that Roberto Sella subscribes for all the Existing CLS and all the New CLS that have been constituted (including the total number of PIK CLS and New PIK CLS that he would receive as additional payments in kind in respect of interest) and converts all such convertible Loan Notes in full prior to the final redemption dates of each instrument, and assuming no other person has exercised any option or any other right to subscribe for shares in the Company following the date of this document, the Concert Party will be interested in 303,354,965 Ordinary Shares carrying approximately 72.8 per cent. of the voting rights of the Company. Without a waiver of the obligations under Rule 9 of the City Code, this would oblige the Concert Party to make a Rule 9 Offer.

Following approval of the Financing, and assuming that Roberto Sella subscribes for all the Existing CLS and all the New CLS that have been constituted (including the maximum total number of PIK CLS and New PIK CLS

that he could receive as additional payments in kind in respect of interest), in the event that any such convertible Loan Notes or any accrued but unpaid interest thereon is not repaid or converted into Ordinary Shares on or before the applicable final redemption date and the Company is therefore in default, if Roberto Sella then converts all such convertible Loan Notes in full at the reduced 1p conversion price, and assuming no other person has exercised any option or any other right to subscribe for shares in the Company following the date of this document, the Concert Party would be interested in 914,832,000 Ordinary Shares carrying approximately 89.0 per cent. of the voting rights of the Company. Without a waiver of the obligations under Rule 9 of the City Code, this would oblige the Concert Party to make a Rule 9 Offer.

Assuming full subscription and conversion of the Existing CLS and New CLS, the Concert Party will be interested in Ordinary Shares which in aggregate carry more than 50 per cent. of the total voting rights and will be able to acquire further interests in Ordinary Shares without incurring any further obligation to make a general offer, subject to the individual limits of the City Code described above.

Assuming full subscription and conversion of the Loan Notes, Roberto Sella may come to hold shares carrying more than 50 per cent. of the total voting rights of the company. If Roberto Sella obtains more than 50% of the total voting rights he will be able to acquire further interests in Ordinary Shares without incurring any further obligation to make a general offer.

**1. Information on Roberto Sella (“RS”)**

1.1 RS founded LL Funds, LLC, an investment management firm, in 2009. He began his investment career with Miller, Anderson & Sherrerd in 1992, becoming a Portfolio Manager in 1996, ending up as co-lead U.S. Fixed Income for the Investment Management division at Morgan Stanley. Prior to working in investment management, RS worked at the Board of Governors of the Federal Reserve System as an Assistant Economist, and spent one year consulting for the Organization for Economic Cooperation and Development in Paris. RS received his BA in Economics and Mathematics, Phi Beta Kappa, from the University of Wisconsin, and went on to earn an MBA from The Wharton School, University of Pennsylvania. RS is based in Philadelphia, USA.

1.2 RS was introduced to the Company by MP (defined below) in 2015 (further details are set out below), following which he invested £1m on 23 July 2015 and subscribed for the Existing Loan Notes on 26 April 2016.

1.3 Over the last 12 months RS has purchased and disposed further shares in the market as follows:

<b>Date of purchase</b>	<b>No. of shares purchased / (sold)</b>	<b>Interest in voting rights before purchase</b>	<b>Interest in voting rights after purchase</b>
None	None	n/a	n/a

**2 Information on Michael Pasternak (“MP”)**

2.1 MP was appointed as a non-executive director on 24 March 2016. He is a US citizen based in New Jersey and is currently the CEO of SAFE Holding Co., LLC a combined hydroponic and fish farm. Prior to this, he was a senior portfolio manager and trader at Saudi International Bank, an affiliate of JP Morgan, and Goldman Sachs.

2.2 As explained in more detail below, RS and MP have a number of common investments. In particular, RS and MP were, on launch, and are still the majority owners of SAFE Holding Co., LLC.

2.3 MP first invested in the Company in March 2000 and was issued with 5,000,000 shares and a further 1,500,000 shares in July 2000, combined this represented 5.43% of total voting rights. Following a 10 for 1 share re-organisation and further investments, at the time of the Company’s flotation on AIM in December 2005, MP held 1,150,000 shares representing 3.06% of the total voting rights. In the last 12 months, MP has sold ordinary shares (as set out below).

2.4 Over the last 12 months MP has purchased and disposed further shares in the market as follows:

<b>Date of purchase</b>	<b>No. of shares purchased / (sold)</b>	<b>Interest in voting rights before purchase</b>	<b>Interest in voting rights after purchase</b>
None	None	n/a	n/a

### **3 Concert Party**

3.1 MP first met RS in March 2007 when MP was interviewed by RS for a position at Morgan Stanley Investment Management (MSIM), MP ultimately declined for personal reasons. However, RS and MP felt strongly that they wanted to work together. Subsequently RS and MP kept up a regular dialogue in anticipation of this. MP subscribed \$250,000 to Series A of LL Funds, managed by Permit Capital LLC where RS was the fund manager. Since early 2014 MP, at RS' request, has shared many of the investment opportunities MP has extensively researched and participated in.

3.2 The common investments that RS and MP have are as follows:

- (i) LL Funds
  - a. RS is the Managing Member of LL Funds, LLC
  - b. MP subscribed to Permit Capital Mortgage Fund, L.P. – Series A, an investment partnership managed by LL Funds, LLC(as explained above)
- (ii) Terrestrial Energy Inc.
  - a. A Canada based designer of fourth generation nuclear fission reactors based on molten salt reactor technology
  - b. RS and affiliated entities participated in the second round funding during 2015.
  - c. MP invested in both the first and second funding round
  - d. MP is a prospective consultant to Terrestrial Energy Inc.
- (iii) Watt Fuel Cell Corporation
  - a. A New York based developer and manufacturer of specialised and residential fuel cells
  - b. RS participated in the latest funding round in 2015
  - c. MP participated in the previous and current funding rounds
  - d. MP is a board member
- (iv) cloudBuy - as discussed in this document
- (v) SAFE Holding Co., LLC
  - a. A Delaware based entity developing a sustainable agriculture campus in Berlin, NY. Activities and products include sturgeon for caviar, hydroponic lettuce, and generating electricity and heat from a CHP plant
  - b. MP and RS have been the majority owners since it was founded in September 2015
  - c. MP is also Managing Member and CEO
  - d. RS has made bridging loans to a subsidiary of SAFE Holding Co. LLC, SAF NY Realty, in 2015 and 2016

3.3 The combined interest of RS and MP in voting rights (on a fully diluted basis) in the Company both before and after the subscription by RS and the issue by the Company to RS of the Loan Notes in full and on

conversion of all such Loan Notes capable of conversion in respect of the Financing s as follows:

**Total shares in issue prior to Financing:** 130,432,664

**Total shares in issue post Financing\*:** 416,937,629

Shareholder	Number of Shares held prior to the Financing	Interest in voting rights prior to the Financing	Number of Shares held following the Financing*	Interest in voting rights following the Financing*
RS	14,700,000	11.27%	301,204,965	72.24%
MP	2,150,000	1.65%	2,150,000	0.52%
<b>Concert Party</b>	<b>16,850,000</b>	<b>12.92%</b>	<b>303,354,965</b>	<b>72.76%</b>

\*assuming all the convertible Loan Notes (including the maximum number of PIK CLS and New PIK CLS) are converted in full at 6.5p per share in the case of Existing CLS and 2p per share in the case of New CLS and there are no further issues of Ordinary Shares.

- 3.4 The combined interest of RS and MP in voting rights (on a fully diluted basis) in the Company both before and after the subscription by RS and the issue by the Company to RS of the Loan Notes in full and on conversion of all such Loan Notes capable of conversion following the respective final redemption dates of the loan note instruments in respect of the Financing and in circumstances where the Company has defaulted on repayment of any such Loan Notes or interest thereon) is as follows:

**Total shares in issue prior to Financing:** 130,432,664

**Total shares in issue post Financing\*\*:** 1,028,414,664

Shareholder	Number of Shares held prior to the Financing	Interest in voting rights prior to the Financing	Number of Shares held following the Financing**	Interest in voting rights following the Financing**
RS	14,700,000	11.27%	912,682,000	88.75%
MP	2,150,000	1.65%	2,150,000	0.21%
<b>Concert Party</b>	<b>16,850,000</b>	<b>12.92%</b>	<b>914,832,000</b>	<b>88.96%</b>

\*\*assuming a default situation in which all the convertible Loan Notes (including the maximum number of PIK CLS and New PIK CLS) are converted in full at 1p per share and there are no further issues of Ordinary Shares.

#### 4. The Concert Party's intentions regarding the Company's business

- 4.1 The Concert Party have informed the Directors that, they are not currently proposing any changes that would effect:

- (i) the strategic plans for the Company;
- (ii) the employment of the Company's or its own personnel including the continued employment of, or the conditions of employment of, any of the Company's management; or including pension rights of the employee or the management of the Company;
- (iii) the redeployment of fixed assets of the Company;
- (iv) the location of the Company's or its own business or operating subsidiaries;
- (v) the Company's Ordinary Shares trading on AIM; or
- (vi) employer contributions into the offeree company's pension scheme (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.

- 4.2 On Completion, no changes will be introduced to any member of the Concert Party's business as a result of the Financing and there will be no repercussions on the location of any member of the Concert Party's places of business or their employees or conditions of employment
- 4.3 No member of the Concert Party intends that the payment of interest on, repayment of or security for any liability of theirs will depend to any significant extent on the business of the Company.
- 4.4 The members of the Concert Party have each confirmed to the Company that they intend to operate the Company's business in the future as they currently do and that they have no intention of making any changes following any increase in their percentage interests in the Ordinary Shares or their voting rights as a result of any exercise of the conversion rights in relation to any of the Loan Notes.

## 5. Market Quotations

The following table shows the middle market quotations of Ordinary Shares, as obtained from the Daily Official List, of the London Stock Exchange on the first business day of each of the six months immediately before the date of this document and on 7 December 2017 (being the latest possible date prior to the posting of this document)

<b>Date</b>	<b>Price per Ordinary Share</b>
<b>7 December 2017</b>	<b>2.625p</b>
<b>1 December 2017</b>	<b>2.625p</b>
<b>1 November 2017</b>	<b>2.125p</b>
<b>2 October 2017</b>	<b>3.125p</b>
<b>1 September 2017</b>	<b>2.625p</b>
<b>1 August 2017</b>	<b>2.625p</b>
<b>3 July 2017</b>	<b>3.125p</b>
<b>1 June 2017</b>	<b>3.75p</b>



## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors (whose names are set out in paragraph 3.2 below) accept responsibility for the information contained in this document, other than that relating to the Concert Party and persons connected with them, for which each party accepts responsibility as set out below except for the recommendation relating to Resolution 1 set out in the Chairman's letter, for which the Independent Board accepts responsibility.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 1.2 For the purposes of Rule 19.2 of the City Code only, the Concert Party (on which more information is set out in Part IV of this document) accept responsibility for the information contained in this document relating to them. To the best of the knowledge and belief of Mr. Roberto Sella and Mr. Michael Pasternak, having taken all reasonable care to ensure that such is the case, the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

- 1.3 The business address of each of the Directors is the Company's registered address.

#### 2. Share capital and options

##### 2.1 *Issued share capital*

The issued share capital of the Company as at the date of this document and as it is expected to be immediately following Completion (assuming that no options or warrants are exercised and no other Ordinary Shares issued prior to the Subscription) is set out below:

##### As at the date of this document and immediately following Completion

Number of fully paid Ordinary Shares	130,432,664
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##### 2.2 *Options*

The Company has granted options over the Ordinary Shares of the Company to various employees and directors. The share options that are currently in issue are as follows:

Date of grant	Exercise price	Number
28-Aug-09	£0.0175	613,750
24-Oct-10	£0.0350	500,000
24-Dec-12	£0.1163	1,197,655
24-Mar-16	£0.10	5,246,454
21-December-16	£0.065	2,005,000
Total		11,562,859

#### 3. Directors' interests

##### 3.1 *Definitions and interpretation*

For the purposes of this paragraph 3:

- (i) “arrangement” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the relevant securities of the Company which may be an inducement to deal or refrain from dealing;
- (ii) a “connected adviser” means, in relation to any person, the organisation which is advising the person in relation to the Proposals and, if that person is the Company or a member of the Concert Party, the corporate broker to that person (other than any corporate broker which is unable to act in connection with the offer because of a conflict of interest);
- (iii) “dealing” or “dealt” includes the following:
  - A. the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
  - B. the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
  - C. subscribing or agreeing to subscribe for relevant securities;
  - D. the exercise or conversion, whether in respect of new or existing relevant securities, of any relevant securities carrying conversion or subscription rights;
  - E. the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
  - F. entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and G. 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;
- (iv) “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;
- (v) “Disclosure Period” means the period commencing on 9 December 2016 and ending on 8 December 2017 (being the latest practicable date prior to the publication of this document);
- (vi) “relevant securities of the Company” means the Shares and securities convertible into, or rights to subscribe for, options (including traded options) in respect thereof and derivatives referenced thereto;
- (vii) ownership or control of 20 per cent. or more of the equity share capital is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;
- (viii) a person is treated as “interested” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:
  - A. he owns them;
  - B. he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
  - C. by virtue of any agreement to purchase, option or derivative, he:

- (a) has the right or option to acquire them or call for their delivery; or
- (b) 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

D. he is a party to any derivative:

- (a) whose value is determined by reference to their price; and
- (b) which results, or may result, in his having a long position in them.

3.2 The names of the Directors and their respective functions are as follows:

Ronald Duncan (*Executive Chairman and Chief Information Officer*)  
 Lyn Duncan (*Chief Executive Officer*)  
 David Gibbon (*Chief Financial Officer and Chief Operating Officer*)  
 David Chellingsworth (*Non-executive Director*)  
 Patrick Broughton (*Non-executive Director*)  
 Michael Pasternak (*Non-executive Director*)

3.3 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of section 252 of the 2006 Act) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document and as they are expected to be immediately following Completion are as follows:

**As at the date of this document and immediately following  
Completion**

	<b>No. of Ordinary Shares</b>	<b>% of Ordinary Shares</b>
Ronald and Lyn Duncan	18,487,981	14.18%
David Gibbon	387,692	0.30%
David Chellingsworth	290,000	0.22%
Patrick Broughton	2,609,371	2.00%
Michael Pasternak*	2,150,000	1.65%

\*acting in concert with Mr. Roberto Sella

Connected Party to Ronald and Lyn Duncan:

	<b>No. of Ordinary Shares</b>	<b>% of Ordinary Shares</b>
James and Isabella Duncan	1,662,000	1.27%
Rena Gill	117,104	0.09%
Jamie Duncan	117,104	0.09%
Pippa Duncan	117,104	0.09%

3.4 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of section 252 of the 2006 Act) in options over the Ordinary Shares and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

	Total	Exercise Price
Ronald Duncan	300,000	£0.0175
	332,867	£0.1163
	1,751,042	£0.10
	<u>250,000</u>	£0.065
Total	2,633,909	

Lyn Duncan	187,500	£0.0175
	332,867	£0.1163
	1,359,245	£0.10
	<u>250,000</u>	£0.065
Total	2,129,612	
David Gibbon	1,341,667	£0.10
	<u>250,000</u>	£0.065
Total	1,591,667	
Patrick Broughton	300,000	£0.10
David Chellingswoth	75,000	£0.065

- 3.5 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of section 252 of the 2006 Act) in warrants in respect of Ordinary Shares and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

<i>Directors holding warrants</i>	<i>Exercise price (pence)</i>	<i>Number of Ordinary shares under warrant</i>
None		
Connected Party to Ronald Duncan:		
Isabella Duncan	2p	125,000
Jamie Duncan	2p	1,026,918
Pippa Duncan	2p	1,026,918

- 3.6 Save as disclosed above, no Director nor any member of their immediate family nor any person connected with a Director within the meaning of section 252 of the 2006 Act has any interest (beneficial or non-beneficial) in the share capital of the Company or any of its subsidiaries.
- 3.7 As at the last day of the Disclosure Period, save as disclosed in this paragraph 3 and Part V of this Document, neither the Directors, the members of the Concert Party, nor any member of their immediate families, related trusts or (so far as the Directors are aware) connected persons, nor any persons acting in concert with the members of the Concert Party, nor any person with whom the Directors or any person acting in concert with the Directors, nor any persons acting in concert with the Company, has an arrangement, had an interest or right to subscribe for any relevant securities of the Company (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, nor had any of the foregoing dealt in any relevant securities of the Company during the Disclosure Period.
- 3.8 As at the last day of the Disclosure Period, neither the Company, nor any member of the Concert Party, nor any person acting in concert with them has borrowed or lent any relevant securities of the Company.
- 3.9 As at the last day of the Disclosure Period there were no agreements, arrangements or understandings (including any compensation arrangement) between the Concert Party and any of the directors, recent directors, shareholders or recent shareholders of the Company or any person interested or recently interested in the Shares having any connection with or dependence upon the Subscription.
- 3.10 Save as disclosed in this paragraph 3 and Part V of this document, no Shares acquired under the proposed transactions contemplated in the Subscription will be transferred to any other persons.

#### **4. Directors' Service Agreements and Letters of Appointment**

4.1. The executive Directors' services agreements are summarised below and, other than as described, have not been amended in the six months preceding the publication of this Document:

4.1.1. Executive service agreement with Ronald Duncan

On 4 August 2005, Ronald Duncan entered into a service agreement with the Company pursuant to which he is now appointed as Executive Chairman and Chief Information Officer of the Company for a salary currently of £120,000 per annum and reimbursement of all of his reasonable travelling, hotel, entertainment and other out of pocket expenses incurred in the performance of his duties. Mr Duncan has agreed pursuant to the service agreement not to be engaged or interested in any business or undertaking which competes with the business of the Company, save with the prior sanction of the Company. In the event of a termination Mr Duncan has agreed to be bound by a non-competition and non-solicitation agreement for a period of six months after the termination date.

The appointment shall continue automatically until further notice and is terminal on six months' notice by the Director or six months' notice if given by the Company. The Company may terminate the appointment immediately for cause, in the event that, among other things, Mr Duncan is in serious breach of the service agreement or commits persistent misconduct or is found to be dishonest.

4.1.2. Executive service agreement with Lyn Duncan

On 4 August 2005 Lyn Duncan entered into a service agreement with the Company pursuant to which she was appointed as Chief Executive Officer of the Company for a salary currently of £120,000 per annum and reimbursement of all of her reasonable travelling, hotel, entertainment and other out of pocket expenses incurred in the performance of her duties. Mrs Duncan has agreed pursuant to the service agreement not to be engaged or interested in any business or undertaking which competes with the business of the Company, save with the prior sanction of the Company. In the event of a termination Mrs Duncan has agreed to be bound by a non-competition and non-solicitation agreement for a period of six months after the termination date.

The appointment shall continue automatically until further notice and is terminal on six months' notice by the Director or six months' notice if given by the Company. The Company may terminate the appointment immediately for cause, in the event that, among other things, Mrs Duncan is in serious breach of the service agreement or commits persistent misconduct or is found to be dishonest.

4.1.3. Executive service agreement with David Gibbon

On 1st June 2015, David Gibbon entered into a service agreement with the Company pursuant to which he was appointed as Chief Financial Officer of the Company for a salary currently of £160,000 per annum and reimbursement of all his reasonable travelling, hotel, entertainment and other out of pocket expenses incurred in the performance of his duties. Mr Gibbon has agreed pursuant to the service agreement not to be engaged or interested in any business or undertaking which competes with the business of the Company, save with the prior sanction of the Company. In the event of a termination Mr Gibbon has agreed to be bound by a non-competition and non-solicitation agreement for a period of six months after the termination date.

The appointment shall continue automatically until further notice and is terminal on six months' notice by the Director or six months' notice if given by the Company. The Company may terminate the appointment immediately for cause, in the event that, among other things, Mr Gibbon is in serious breach of the service agreement or commits persistent misconduct or is found to be dishonest.

#### 4.1.4. Letter of appointment of David Chellingsworth

On 17 October 2013 David Chellingsworth entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director of the Company for a fee currently of £12,500 per annum.

The appointment is terminable by the Company with immediate effect in limited circumstances such as being found guilty of fraud or being disqualified from acting as a director. Otherwise either party may terminate the appointment by delivering the other three months' written notice. There was no initial term of appointment.

#### 4.1.5 Letter of appointment of Patrick Broughton

On 17 October 2013, Patrick Broughton entered into a letter of appointment with the Company under the terms of which he agreed to act as a non-executive director of the Company for a fee of £10,000 per annum. He has agreed to waive his salary in return for 300,000 options which are now exercisable at 10p per share.

The appointment is terminable by the Company with immediate effect in limited circumstances such as being found guilty of fraud or being disqualified from acting as a director. Otherwise either party may terminate the appointment by delivering the other three months' written notice. There was no initial term of appointment.

#### 4.1.6 Letter of appointment of Mike Pasternak

On 25 March 2016 Mike Pasternak agreed to be appointed as a non-executive director of the Company and has agreed to waive his fee.

The appointment is terminable by the Company with immediate effect in limited circumstances such as being found guilty of fraud or being disqualified from acting as a director. Otherwise either party may terminate the appointment by delivering the other three months' written notice. There is no initial term of the appointment.

4.2 Save as disclosed above, there are no other contracts of service between the Directors and the Company or any of its subsidiaries.

### 5. Major Shareholders

Insofar as has been notified to the Company, and in addition to the holdings of the Directors disclosed in paragraph 3.3 above, the following persons hold, as at the date of this document, and are expected to hold immediately following Completion, directly or indirectly, three per cent or more of the enlarged Share Capital:

	As at the date of this document and upon Completion	
	No. of Ordinary Shares	% of issued Ordinary Shares
Roberto M. Sella	14,700,000	11.27%
DJ Holloway	8,842,181	6.78%
Mark Dixon	8,000,000	6.13%
Herald Investment Management	4,994,986	3.83%

There is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party or any person acting in concert with him and any of the directors, recent directors, shareholders or recent shareholders of the Company, or any person interested or recently interested in shares of the Company, having any connection with or dependence upon the Financing.

## 6. The Founder Concert Party

Under the City Code, Ronald Duncan and Lyn Duncan and their connected persons being James Duncan, Isabella Duncan, Rena Gill, Jamie Duncan and Pippa Duncan (the "**Founders**") are presumed to be acting in concert.

The Founders pursue their own independent investment objectives in a manner which they consider best suit their own interests and objectives. Consequently, each of the Founders reserves the right to seek to rebut the presumption if they deem it appropriate to do so.

Until the presumption is rebutted, however, the Founders will, following completion of the Financing, together own 6.90per cent. of the enlarged Share Capital assuming full conversion of all the convertible Loan Notes (including the maximum number of PIK CLS and New PIK CLS).

## 7. Material contracts

7.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period from 2 years before the date of this document and are, or may be, material:

7.1.1 A subscription agreement dated 24 March 2016 between the Company and Mr. Roberto Sella pursuant to which Mr. Roberto Sella:

(a) subscribed for and the Company issued 3,274,300 of the Existing CLS in the aggregate principal amount of £3,274,300 for cash; and

(b) agreed to subscribe for and the Company agreed to issue on one or more occasions, on receiving a written request from the Company to do so, up to a further 898,262 Existing CLS in the aggregate principal amount of £898,262 and 1,577,438 of the LS in the aggregate principal amount of £1,577,438.

Such further Existing Loan Notes were issued by the Company to Mr. Roberto Sella in the following amounts and on the following dates:

23 November 2016	362,800	637,200	1,000,000
23 May 2017	535,462	940,238	1,475,700
Total	898,262	1,577,438	2,475,700

7.1.2 The 2016 Loan Note Instrument constituting the Existing Loan Notes in the aggregate principal amount of £5,750,000, all of which have now been issued as described above. The Existing Loan Notes rank pari passu, equally and rateably, without discrimination or preference among themselves and as secured obligations of the Company.

The Existing Loan Notes are freely transferable by Mr. Roberto Sella as the holder of the Existing Loan Notes subject always to him transferring all (and not some only) of the Existing Loan Notes.

The proceeds of all subscriptions for the Existing Loan Notes are required to be used to fund the Company's working capital requirements. Until the Existing Loan Notes are repaid by the Company or, in the case of the CLS, repaid by the Company or converted into Ordinary Shares, interest shall accrue and be paid on the principal amount of the Existing Loan Notes outstanding (and, in respect of the Existing CLS, so far as not converted into Ordinary Shares) at a rate of 2.33% per annum and shall become due and payable by the Company to Roberto Sella as the holder of the Loan Notes on each 6-month anniversary of the date of issue of the Loan Notes. If the Company fails to pay redemption monies or interest when due on the Loan Notes, interest shall continue to accrue on the unpaid amount at a rate of 2.33% per annum.

On any date on which interest on the Existing Loan Notes is payable, the Company may at its own option issue to Mr. Roberto Sella as the holder of the Existing Loan Notes that number of additional payment in kind Loan

Notes (in satisfaction of the Company's obligation to pay interest on any such date) of £1.00 nominal amount that equals every £1.00 of interest due to Roberto Sella as the holder of the Existing Loan Notes in a pre-determined ratio as between the Existing CLS and the LS as announced by the Company when the Existing Loan Notes were initially created and issued.

The Company's obligations in respect of the Existing Loan Notes have been secured in favour of Mr Roberto Sella by the Existing Debenture and from Completion will continue to be so secured by the New Debenture.

If Mr. Roberto Sella as the holder of the Existing Loan Notes so determines, all the Existing Loan Notes then in issue (and, in the case of the Existing CLS, so far as not converted into Ordinary Shares) prior to the Existing Notes Final Redemption Date shall be redeemed at the principal amount together with interest on the Existing Loan Notes outstanding at the rate of 2.33% per annum on the relevant of the following dates:

- (a) the 5th anniversary of the 2016 Loan Note Instrument; or
- (b) a date not less than 20 Business Days following a material breach by the Company of any of the terms and/or conditions of the 2016 Loan Note Instrument; or
- (c) a date not less than 20 Business Days following the occurrence of certain events of default; or
- (d) a date not less than 20 Business Days following a change of control of the Company,

If not otherwise redeemed or, in the case of the Existing CLS redeemed or converted, the Existing Loan Notes shall be redeemed on the Existing Notes Final Redemption Date when the Company shall repay to Mr. Roberto Sella as the holder of the Existing Loan Notes the principal amount of the Existing Loan Notes so redeemed, together with interest on such Existing Loan Notes outstanding at the rate of 2.33% per annum.

Mr. Roberto Sella as the holder of the Existing Loan Notes may at any time serve a written notice on the Company to convert all or part of the Existing CLS outstanding into fully paid Ordinary Shares at the following conversion price:

- (a) a price per Ordinary Share of £0.065, which price shall apply at any time on or before the Existing Notes Final Redemption Date; or
- (b) a price per Ordinary Share of £0.01, which price shall apply at any time after the Existing Notes Final Redemption Date if the principal amount of and accrued interest on any outstanding Existing CLS have not been repaid on or before the Existing Notes Final Redemption Date unless the Company's failure to pay is caused by administrative or technical error and payment is made within two Business Days of its due date.

The Ordinary Shares arising on conversion of the Existing CLS shall be credited as fully paid and rank *pari passu* with Ordinary Shares of the same class in issue on the conversion date and shall carry the right to receive all dividends and other distributions declared after the conversion date. Provided that at the time of issue of Ordinary Shares pursuant to the conversion of the Existing CLS, the Ordinary Shares (or any of them) are listed on the Official List of the UK Listing Authority or are admitted to trading on AIM or permission has been granted for dealings therein on any other recognised investment exchange in any part of the world, the Company will, not later than two Business Days after the issue of such Ordinary Shares, apply to such body for permission to deal in or for quotation of such Ordinary Shares (as the case may be) and shall use all reasonable endeavours to secure such permission or quotation.

- 7.1.3 A Future Equity Participation Agreement dated 26 April 2016 made between the Company and Mr Roberto Sella pursuant to which the Company agreed that Roberto Sella shall have the right, but not the obligation, during the term of the Loan Notes to participate (with an allocation to him of new Ordinary Shares that is at least equal on a pro-rata basis to his shareholding in the Company on the date of the future equity participation agreement) in any Equity Fundraising at a subscription price that is 80% (eighty per cent.) of the issue price to be offered to the other Shareholders or other new investors in the Company who participate in any Equity Fundraising. All other terms and conditions of any Equity Fundraising shall apply equally to Roberto Sella as they shall apply to the other Shareholders or any other new investors in the Company.
- 7.1.4 A debenture dated 26 April 2016 executed by the Company and Mr. Roberto Sella pursuant to which the Company agreed to provide security over the assets of the Company to Mr Roberto Sella in respect of



the monies paid by Roberto Sella to the Company by way of his subscription for the Existing Loan Notes. The terms of the debenture are similar to those of the New Debenture as described in paragraph 1.3 of Part II of this document, save that the debenture only secures liabilities arising in respect of the Existing Loan Notes whereas the New Debenture will secure all of the Loan Notes.

- 7.1.5 The New Subscription Agreement, details of which are set out in paragraph 1.1 of Part II of this document.
- 7.1.6 The New Loan Note Instrument details of which are set out in paragraph 1.2 of Part II of this document.
- 7.1.7 The New Debenture details of which are set out in paragraph 1.3 of Part II of this document.
- 7.1.8 A restated credit facility agreement dated 8 April 2016 entered into between Patrick Broughton, Ronald and Lyn Duncan (together, the “**Lenders**”) and the Company whereby the Lenders have provided to the Company an interest bearing credit facility in the aggregate amount of £200,000 repayable on the date arising from the latest of the receipt of an amount of £200,000 from a Saudi based strategic partner or an alternative Financing source of £200,000 with the right at the discretion of the Lenders to require certain security to be put in place in their favour over the assets of the Company.

## **8. General**

- 8.1 Neither the Company nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings and, so far as the Directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened against them or being brought by the Company or any of its subsidiaries, during the previous 12 months, which may have, or had in the recent past, a significant effect on the financial position or profitability of the Company.
- 8.2 Arden Partners have both given and not withdrawn their written consent to the issue of this document with the inclusion herein of references to their names in the form and context in which they appear.
- 8.3 The total costs and expenses of, and incidental to, the Financing payable by the Company (including professional fees, commissions and, the cost of printing) are estimated to amount to approximately £90,000 (excluding value added tax).
- 8.4 The net proceeds of the initial subscription are expected to be £1,610,000. If subscribed in full, the net proceeds are expected to be approximately £3,310,000.
- 8.5 Additional information relating to the Company may be found at [www.cloudBuy.com](http://www.cloudBuy.com).
- 8.6 Save as disclosed in paragraph 4 of Part V of this document, no service contract or letter of appointment of any Director has been entered into or amended within the period of six months prior to the date of this Document.
- 8.7 Other than statutory compensation and payment in lieu of notice, no compensation is payable by the Company or any of its subsidiaries to any Director upon early termination of their appointment.
- 8.8 There is no relationship (personal, financial or commercial), arrangement or understanding between members of the Concert Party and Arden or any person who is, or is presumed to be, acting in concert with Arden.
- 8.9 No agreement, arrangement or understanding exists whereby the Ordinary Shares which may be acquired by the Concert Party pursuant to its participation in the Subscription will be transferred to any other person.
- 8.10 Save as disclosed in Part V of this document there is no agreement, arrangement or understanding (including any compensation arrangement) between the members of the Concert Party and any person acting in concert with any of them and acts of the Directors (or their close relatives and related trusts) recent directors of the Company, Shareholders or recent Shareholders of the Company or any person interested or recently interested in the Ordinary Shares, having any connection with or dependence upon the persons set out in this document.

## **9. Documents on display**

Copies of the following documents will be available for inspection at the offices of the Company's solicitors, 107

Cheapside, London, EC2N 6DN during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), and on the Company's website [www.investor.cloudbuy.com](http://www.investor.cloudbuy.com) for a period of 12 months from the date of this document:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the audited consolidated accounts of the Company for the years ended 31 December 2014, 2015, 2016 and the interim results for the six months ended 30 June 2017;
- (iii) the letter of consent referred to in paragraph 8.2 above;
- (iv) the Subscription Agreement;
- (v) the New Loan Note Instrument;
- (vi) the New Debenture;
- (viii) the Directors' Service Agreements and Letters of Appointment referred to in paragraph 4 above;
- (ix) the Material Contracts referred to in paragraph 7 above; and
- (x) a copy of this document together with the Notice.

#### **10. Electronic publication of this document**

This document is not to be taken as a summary of the information in the documents listed in section 9 and should not be regarded as a substitute for reading such documents in full. Hard copies of this document will not be sent to those Shareholders who have previously elected to receive documents electronically. Those Shareholders who wish to receive a hard copy of this document or any of the documents listed in paragraph 9 (above) (who have previously elected to receive documents electronically) should request this by contacting the Company Secretary, cloudBuy plc, 5 Jupiter House, Calleva Park, Aldermaston, Reading RG7 8NN or by telephone to +44 (0)118 963 7000.

#### **11. Financial Information of the Company and Incorporation by reference**

The following information is incorporated by reference into this Document pursuant to Rule 24.15 of the Takeover Code and is available free of charge at the Company's website at [www.investor.cloudbuy.com](http://www.investor.cloudbuy.com).

- (i) the Annual Report and Accounts of the Company for the year ended 31 December 2015;
- (ii) the Annual Report and Accounts of the Company for the year ended 31 December 2016.

**Date 8 December 2017**

# cloudBuy

*(incorporated in England and Wales with registered number 05668788)*

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of cloudBuy (“**cloudBuy**” or the “**Company**”) will be held at 10:00 a.m. on 27 December 2017 at Company’s registered office at 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN, for the purpose of considering and, if thought fit, passing the following resolutions, which in the case of Resolutions 1 and 2 will be proposed as ordinary resolutions and in the case of Resolution 3 will be proposed as a special resolution.

Resolution 1 will be taken, in accordance with the City Code on Takeovers and Mergers, on a poll of the Independent Shareholders present and by proxy voting at the General Meeting. Only the Independent Shareholders, as described in the Circular, are entitled to vote on Resolution 1.

Unless the context requires otherwise, words and expressions defined in the circular to the Company’s shareholders issued by the Company dated 8 December 2017 (the “**Circular**”), of which this Notice of General Meeting forms part, have the same meanings when used in this Notice.

## ORDINARY RESOLUTIONS

1. THAT, the grant of the Rule 9 Waiver by the Panel on Takeovers and Mergers described in the Circular of any requirement under Rule 9 of the City Code on Takeovers and Mergers on the members of the Concert Party, both individually and collectively, to make a general offer to the shareholders of the Company to acquire the issued and to be issued share capital of the Company as a result of the participation of Roberto Sella in the Subscription and the allotment to him of: (i) up to 469,404,100 Existing CLS Shares arising on conversion of the Existing CLS; and/or (ii) up to 428,577,900 New CLS Shares arising on conversion of the New CLS, be and is hereby approved.
  
2. THAT, the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the 2006 Act to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) in the Company and to grant rights to subscribe for, or to convert any equity securities into, shares in the Company subject to the following condition:
  - (a) the maximum amount of New CLS that may be issued in circumstances other than those referred to in paragraph (b) of this resolution shall be such that the aggregate nominal amount of New CLS Shares capable of being allotted on full conversion of the New CLS shall be £2,142,889.50; and
  - (b) the maximum amount of New CLS that may be issued in circumstances where the Company has failed to repay any New CLS on or before 27 December 2027 (and is therefore in default) shall be such that the aggregate nominal amount of New CLS Shares capable of being allotted on full conversion of the New CLS shall be £4,285,779.

PROVIDED that this authority shall expire on the 5<sup>th</sup> anniversary of the date of this Resolution unless revoked, varied or renewed before such date save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry, and the Directors are hereby authorised to allot such securities in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority shall be in addition to all subsisting authorities conferred on the directors in accordance with section 551 of the 2006 Act

## SPECIAL RESOLUTION

3. THAT, the Directors be and they are hereby generally and unconditionally empowered pursuant to section 570 of the 2006 Act to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 2 above as if section 561(1) of the 2006 Act did not apply to any such allotment, subject to the following condition:
- (a) the maximum amount of New CLS that may be issued pursuant to this power in circumstances other than those referred to in paragraph (b) of this resolution shall be such that the aggregate nominal amount of New CLS Shares capable of being allotted on full conversion of the New CLS shall be 2,142,889.50 ; and
  - (b) the maximum amount of New CLS that may be issued pursuant to this power in circumstances where the Company has failed to repay any New CLS on or before 27 December 2027 (and is therefore in default) shall be such that the aggregate nominal amount of New CLS Shares capable of being allotted on full conversion of the New CLS shall be £4,285,779,

PROVIDED that this authority shall expire on the 5th anniversary of the date of this Resolution unless revoked, varied or renewed before such date save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry, and the Directors are hereby authorised to allot such securities in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of such offer or agreement as if the authority conferred hereby had not expired. This authority shall be in addition to all subsisting authorities conferred on the directors in accordance with section 570 of the 2006 Act.

DATED the 8th day of December 2017

*Registered Office*

Unit 5 Jupiter House  
Calleva Park  
Aldermaston  
Reading  
RG7 8NN

*By Order of the Board*

Ronald Duncan  
*(Executive Chairman and Chief Information Officer)*

### NOTES:

1. In order to comply with the City Code on Takeovers and Mergers, Resolution 1 will be taken on a poll and the Concert Party (as defined in the Circular) will not participate.
2. Any member entitled to attend and vote at the General Meeting may appoint one or more proxies (who need not be a member of the Company) to attend and vote instead of the member. Shareholders will receive a Form of Proxy with this document. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting, or any adjournment thereof, in person.
3. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on the resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" such resolution.
4. In order to be valid, any Form of Proxy and a power of attorney or other authority under which it is signed must be duly completed and reach the Company Secretary, cloudBuy, 5 Jupiter House, Calleva Park, Aldermaston, Reading, RG7 8NN, not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the General Meeting and in default may not be treated as valid.
5. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the register of members of the Company as at 10:00 a.m. on 21 December 2017 (or if the General Meeting is adjourned, Shareholders registered in the register of members of the Company not later than 48 hours before the time fixed for the adjourned General Meeting) shall be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
7. As at 5.30 p.m. on the date immediately prior to this Notice, the Company's issued share capital comprised 130,432,664 Ordinary Shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and therefore the total number of voting rights in the Company as at 5.30 p.m. on the date immediately prior to this Notice is 130,432,664.