

TOOPLE PLC

Unaudited Interim Report for the Six Month Period Ended 31 March 2017

Contents

Company Information.....	3
Interim Management Report.....	4
Responsibility Statement.....	9
Condensed Consolidated Statement of Comprehensive Income.....	11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Statement of Cash Flows	15
Notes to the Condensed Consolidated Interim Report.....	16

Company Information

Directors

Richard Horsman (*Chairman & Non-Executive Director*)

Geoffrey Wilson (*Non-Executive Director*)

Andrew Hollingworth (*Chief Executive Officer*)

Neil Taylor (*Chief Financial Officer*)

Company Secretary

WKH Company Secretary Services

Registered Office

PO Box 501

The Nexus Building

Broadway

Letchworth Garden City

Hertfordshire

SG6 9BL

Registered Number

10037980 (England and Wales)

Financial and Corporate Overview

Chairman's Statement

Summary

The last six months has seen Toople make significant progress in establishing itself as a new brand in the competitive UK small business communications market. The Board believes that Toople is increasingly being recognised by SMEs as a trusted, reliable and transparent provider of business communications solutions. We also believe we have the potential to achieve our ambition to become one of the leading providers of bespoke telecom services to UK SMEs. This is based on the response so far to Toople's range of telecoms products and customer service. As a Board, our focus is on supporting management to capture the opportunity we see in the five million-strong UK SME market and delivering long-term value to our shareholders.

Update on financing

Our cash position as at 31 March 2017 was £191,584. However, in order to continue growing our customer base, further investment is required. To ensure the Company has the resources to take advantage of the market opportunity, as noted in our March 2017 trading update, the Board is reviewing funding options to provide additional working capital to drive accelerated sales growth in the higher margin, retail business and cloud based telephony services through targeted marketing and advertising campaigns. Funds will also be used for general working capital purposes to support the needs of the business. The Directors are seeking shareholder authorities to provide the Company with the flexibility to raise these further funds in the future. A Notice of General Meeting was published and sent to shareholders on 4 May 2017 and the Company will be holding the meeting at the offices of Gowling WLG, 4 More London Riverside, London, SE1 2AU on 24th May 2017 at 10:00 a.m.

Board and Senior Management Update

In April, we announced Neil Taylor is stepping down from his role as Chief Financial Officer and from the Board of Directors following the publication of these results. Neil has been a director of Toople on a part-time basis since March 2016 and has established our financial operations, supported the Company through the IPO process and helped establish the Toople brand. This change is in line with the expectations set out in our IPO prospectus. We are in the process of recruiting a permanent replacement and in the meantime Geoffrey Wilson, Non-Executive Director will assume the role of part-time CFO. Geoff has considerable experience in the telecoms industry, having held a number of senior roles including Finance Director of TalkTalk Business. To ensure a smooth transition, Neil will remain as a consultant until the recruitment process is completed. I would like to take this opportunity on behalf of the Board to thank Neil for his hard work and dedication. Furthermore, I would also like to thank our all our employees for their hard work and commitment and shareholders for their continued support.

Richard Horsman
Chairman

Chief Executive Officer's Review

Summary

Over the last six months, we have made significant progress against key objectives. Our SME customer base is growing, our direct digital marketing has started well, our cloud based telephony services have proved popular and we see opportunities to increase the number of Toople products purchased by our customers.

The growth in customer numbers and revenue generating units ("RGUs) since launch of the Toople brand in H2 2016 has resulted in revenue of £654,721 during the period, being a 63% increase since H1 2016 (£402,609). The launch of our first direct digital marketing campaign at the end of February saw customer numbers accelerate to almost 800 at the end of April (excluding wholesale), representing over 1200 RGUs. The campaign helped orders grow by 81% to the end of April 2017 from the campaign launch compared to the number of orders in January and February.

As we said in January 2017, due to the increased competition in the SME broadband market, we are focusing on driving our cloud based business telephony services — Toople.com Classic and Toople.com Premium — which offer higher margins and customers taking longer contracts. Despite this, we have still seen broadband orders increase, though we have declined to fight for market share by getting involved in high cost promotional activity.

As a result of the focus on higher margin direct propositions, gross margins have increased from 8.1% in full year 2016, to 12.5%, and at £82,034, gross profit is 89% higher than the second half of 2016. This helped the operating loss before taxation improve 49% versus the second half of 2016 to £603,763 where the loss had grown to £1,193,876 million, albeit that the H2 2016 loss included one-off IPO related costs. We expect to see margins continuing to improve as we focus on direct orders as opposed to wholesale growth.

Finally, as previously noted our cash position as at 31 March 2017 is £191,584.

Strategy and business overview

Our ambition is to become the one of the leading providers of bespoke telecom services to UK SMEs. We have developed a range of telecoms products to meet the communications needs of this market based around connectivity, mobility and business telephony. These products are:

- Cloud-based business phones services (including integration into iOS and Android apps for true mobility) as well as traditional services (calls and lines), Business broadband including superfast fibre
- Data services (Ethernet First Mile and Ethernet)
- Business mobile and sim only propositions

Since launch in January 2017 we have seen strong interest in our cloud-based telephony services which the Board identified as a key driver for new customer acquisitions. The services, Toople.com Classic and Toople Premium, which allow the service to be used on any Android or iOS device as well as the customer's default hardware, have proved popular. Both

propositions provide an efficient way for small businesses to have a reliable, maintenance free phone system that requires minimum capital expenditure and no advance payment. For Toople, it has the additional benefit that all Toople.com Classic and Toople Premium customers are signing 36 month agreements compared to 12 or 24 months for Broadband and Mobile. Furthermore, all of the customers have paid for Toople's unlimited calls package and over 70% of these customers also order Toople broadband for their connectivity.

The broadband business market remains competitive. However, we continue to grow our orders without committing to taking market share at all costs. Our fixed, transparent pricing based on great customer service still remains attractive to customers. More customers are also taking up our business mobile phone offering as we have improved our proposition. We are benefiting from the addition last May of O2 4G and Vodafone 4G to our existing EE 3G services. This was five months ahead of schedule allowing us to market our highly competitive mobile propositions earlier than planned. Early in 2017, we also enhanced the packages by adding 2,000 EU roaming minutes and 2,000 EU roaming texts to existing deals and 500mb of EU data roaming with no increase in cost for the customer.

All Toople products are delivered and managed through Merlin, the Group's proprietary software platform. Merlin provides an end-to-end automated process that allows customers to place orders easily, and enables the business to grow its customer base, without the need to scale expensive resources. This helps support one of our key differentiators - quality of customer service.

A number of other telecoms companies buy services from Toople, white label the propositions and resell to their own customers. Furthermore, the Merlin software platform gives access to wholesalers who want to interconnect with carriers for provisioning and billing services for their own customers, where a monthly licence fee is applicable to access Merlin. Over time, the proportion of revenues we achieve from wholesale will reduce as we focus on the higher margin retail business. Wholesale is not a strategic priority for the Company.

Customer acquisition and service

As discussed, we have already started to grow our SME customer base through direct digital marketing and we anticipate building on this growth through further investment in the future. Toople's approach to customer acquisition is to deploy a marketing and advertising strategy aimed at delivering high-levels of online market penetration either directly or via comparison sites to increase brand awareness. The focus is on attracting customers through the quality and transparency of Toople's products and keeping them through their service experience once they are signed up. This means opportunities for us to grow the number of Toople products they have.

Since our launch, Toople has been steadily increasing our SME customers with a step up of 81% in orders following the start of the digital marketing campaign at the end of February to 30 April 2017. The campaign used cost effective digital communication channels including social media to allow potential customers to experience Toople's services through Toople.com. The website allows customers to design their services package in accordance with the needs of their business which greatly influences their decision to buy.

Senior management intend to focus on increasing the average monthly order rate during 2017 as we seek to grow our customer base. Over time, we aim to increase the customers acquired directly through online marketing driven by our proprietary CRM system – Merlin – or through greater brand recognition, with customers increasingly searching directly for Toople. This will achieve lower customer acquisition costs overall. All online marketing activity is closely monitored by Toople's management on a daily and even hourly basis to assess the impact and effectiveness of the marketing campaigns and make changes as required.

The current cost of customer acquisition ranges between £40 and £91 per customer with the aim of achieving a 30% margin over the contract life of a typical customer.

In the near term, brand recognition is primarily being driven by Toople's presence on comparison sites. Toople has been accredited by more than 30 of the UKs biggest business-to-business cashback and comparison sites, with the most notable listings on; uSwitch, Quidco, Topcashback, Money Supermarket and Broadband Genie. Orders continue to be placed online or through our agents as a result of our presence on these sites. Brand presence on these sites will also help drive overall brand recognition for the Company resulting in more organic brand search which means overtime, lower customer acquisition costs.

Once signed, customer experience is critical to delivering best in class retention rates: and as customer contracts mature, it provides us with the best opportunity to sell more than one product to re-contracting customers. This is central to Toople's strategy and we aim to attract and retain customers by delivering "right first time" UK based customer service. Our average customer satisfaction score of 8.7 out of 10 via Trustpilot is higher than the average scores achieved by the more established companies operating in the sector including BT Business and Virgin Media Business.

It means that as Toople grows, growing absolute customer numbers will become less relevant to our success as we increase the number of customers taking more than one product. Therefore, we also report on RGUs, which represent the number of individual services that result in recurring billable revenue and margin. This can encompass telephone lines; broadband lines, data lines, sim cards and hosted seats. Since launch of the Toople brand, RGUs (excluding wholesale) have increased to over 1200.

Regulation and Political Overview

We believe recent developments in the political environment and in the regulation of the UK telecoms sector following the 2016 Strategic Review of Digital Communications by Ofcom will support the successful long term delivery of Toople's strategy.

First, the legal separation of Openreach from BT is a welcome step which should improve the competitive landscape, reducing the advantage enjoyed by BT Business while allowing better access to the network assets by alternative infrastructure companies to release more investment.

Second, the UK political establishment has recognised the need to improve the nation's historically low rates of the productivity. UK SMEs are the backbone of the economy and improving their productivity is vital. We believe this means SME's need access to better digital infrastructure that is in line with the very best in the world. It is vital that the next Government ensures that the UK's digital infrastructure is a key priority and has a plan that ensures even greater role out of FTTP.

Third, while the uncertainty around the political environment and Britain's decision to leave the European Union may have a negative impact on business and consumer confidence this means SMEs will be more focused on operational costs. We believe Toople's transparent and competitively priced offer is well-placed to benefit.

Outlook

The first six months has seen solid progress as Toople establishes itself in the UK SME communications market. Since the launch of the brand a year ago, we have proved that there is a real appetite for a new entrant in the SME business communications market. We are still very early in our development and our primary focus is on growing our customer base and building greater recognition of the Toople brand and its products. We are beginning to see the rewards from our investment. The launch of our first direct digital marketing campaign at the end of February 2017 saw orders increase 81% by the end of April 2017 with almost 30% of all orders in March and April for our new cloud based telephony services.

Over the next six months, subject to funding, we plan to continue to invest in direct digital marketing to drive further growth in customer numbers and RGUs across all our propositions, while keeping the cost of customer acquisition as low as possible.

Like any business, our outlook is impacted by external factors. The economic outlook for UK following the Brexit vote may result in a period of uncertainty for businesses. However, we believe our fixed, transparent pricing policy will position Toople as an even more attractive proposition for UK SMEs. Toople propositions require no upfront capital expenditure and can help reduce the operational costs of small businesses, which is valuable in such times.

Our experience over the last year confirms our view that Toople enjoys significant advantages over our competitors. We are already recognised as a more trusted, reliable and transparent provider of business communications solutions than many traditional, larger providers with the flexibility to move more quickly to address changing customer demand. We are confident that our ambition to become one of the UK's leading providers of bespoke telecom services to SMEs is achievable.

I would like to thank the shareholders, the Board, the Toople team and most importantly our customers who have all contributed to the progress of Toople over the last 12 months.

Andrew Hollingworth
Chief Executive Officer

Principal risks and uncertainties relating to the Company's business strategy

The Group is subject to a number of risk factors. The Company's prospectus published at the time of its Standard Listing included a detailed assessment of the risks facing the business. The Directors have identified the following key risks in the second six months of this financial year. Other risk factors not presently known or currently deemed immaterial may also apply.

- The Company is dependent on the ability of the Directors to implement the Company's strategy and significantly increase customer numbers. There is no assurance that the Company's business strategy will ultimately be successful;
- The Company may not be able to secure capital to provide working capital for the Group to drive the growth of the business on terms acceptable to the Group, or at all;
- As the Group has a limited trading history, actual performance may differ materially from expectations and the Group may generate sustained losses;
- The Group operates in a competitive market and may not be able to sell multiple products to customers;
- The Group is currently dependent on marketing spend to generate customers. The Group may not be able to acquire customers at a cost that will generate sufficient gross profit margins for the Group, particularly if competition in the market increases;
- The loss of, or inability to attract key personnel could adversely affect the Group;
- The technology upon which the Group's products and services are based may become obsolete; in particular, the Group is reliant on the technical robustness of its software platform;
- An increase in supplier costs could result in significantly reduced gross profit margins;
- The ownership and use of intellectual property by the Group may be challenged by third parties or otherwise disputed;
- The loss of one or more wholesale customers or licence income could have a significant impact on revenue and absolute gross profit of the Group;
- The Group's business may be materially affected in the event that the Group's out-sourced customer service team fails to deliver or terminates its contract with the Group;
- From time to time the Group may be subject to complaints or claims in the normal course of business;
- The Company is exposed to the risk that third parties that owe the Group money, securities or other assets may not fulfil their obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons;
- The Group's performance could be adversely affected by poor economic conditions;
- The Group's infrastructure and systems could be targeted by cyber attacks;
- The pricing environment in the telecoms industry could become more difficult;
- The UK telecoms market is subject to regulation by Ofcom and subject to high incidence of fraud and bad debt risk;

The Directors seek to mitigate these risks by applying their considerable experience of operating businesses in the sector and by devising trading and operating strategies designed to seek out and exploit profitable trading opportunities whilst seeking to protect the business from downside risks.

Responsibility Statement

The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial Reporting (IAS 34).

The Directors confirm that the interim financial statements have been prepared in accordance with IAS 34 and that as required by DTR 4.2.7 and DTR 4.2.8, the Interim Report includes a fair review of:

- important events that have occurred during the first six months of the year;
- the impact of those events on the financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year;
- details of any related party transactions that have materially affected the Company's financial position or performance in the six months ended 31 March 2017; and
- any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors who served during the period and up to the date of signing the interim financial statements were:

Richard Horsman
Geoffrey Wilson
Andrew Hollingworth
Neil Taylor

Company Secretary:
WKH Company Secretary Services

By Order of the Board
Andrew Hollingworth
Chief Executive Officer
8 May 2017

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

Condensed Consolidated Statement of Comprehensive Income

The condensed consolidated statement of comprehensive income of the Group for the six month period from 1 October 2016 to 31 March 2017 is set out below.

	NOTE	Period ended 31 Mar 17	Period ended 31 Mar 16
Continuing operations		£	£
Revenue		654,721	402,609
Cost of Sales		(572,687)	(368,388)
Gross Profit		82,034	34,221
Administrative expenses		(661,983)	(573,459)
Operating loss		(579,949)	(539,238)
Interest payable and similar charges		(23,947)	(464)
Interest receivable		133	
Loss before taxation		(603,763)	(539,702)
Taxation		-	
Loss for the period		(603,763)	(539,702)
Other comprehensive loss for the period		(603,763)	(539,702)
Total comprehensive loss for the period attributable to the equity owners		(603,763)	(539,702)
Loss per share			
Basic and diluted earnings/(loss) per share	5	(0.60)	(0.72)

Condensed Consolidated Statement of Financial Position

The condensed consolidated statement of financial position as at 31 March 2017 is set out below:

	NOTE	As at 31 Mar 17 (Unaudited) £	As at 30 Sep 16 (Audited) £
ASSETS			
Non-current assets			
Intangible assets		10,096	14,546
		10,096	14,546
Current assets			
Trade and other receivables		191,920	223,674
Cash and cash equivalents		191,584	743,824
		383,504	967,498
Total assets		393,600	982,044
EQUITY and LIABILITIES			
Share capital	6	66,700	66,700
Share premium		1,900,245	1,900,245
Merger reserve		(25,813)	(25,813)
Share based payment reserve		55,705	24,130
Capital contribution reserve		113,669	137,616
Retained earnings		(2,555,180)	(1,975,364)
Total equity		(444,674)	127,514
Current liabilities			
Trade and other payables	7	345,602	385,390
		345,602	385,390
Non-current liabilities			
Financial liabilities – borrowings	7	492,672	469,140
		492,672	469,140
Total equity and liabilities		393,600	982,044

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

Condensed Consolidated Statement of Changes in Equity

The unaudited condensed consolidated statement of changes in equity of the Group for the period to 31 March 2017 is set out below:

NOTE	Share capital	Share premium	Merger reserve	Share Based Payment reserve	Capital contribution Reserve	Accumulated deficit	Total
	£	£	£	£	£	£	£
PRIOR PERIOD							
Brought forward at 01 October 2015	26,013	0	(25,813)	0	0	(260,851)	(260,651)
Loss for the period						(539,702)	(539,702)
Total comprehensive loss for the period						(539,702)	(539,702)
At 31 Mar 2016	26,013	0	(25,813)	0	0	(800,553)	(800,353)

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

NOTE	Share capital	Share premium	Merger reserve	Share Based Payment reserve	Capital contribution Reserve	Accumulated deficit	Total
CURRENT YEAR	£	£	£	£	£	£	£
Brought forward at 1 October 2016	66,700	1,900,245	(25,813)	24,130	137,616	(1,975,364)	127,514
Loss for the period						(603,763)	(603,763)
Total comprehensive loss for the year						(603,763)	(603,763)
Transactions with owners							
Share based payment charge credited to equity				31,575			31,575
Equity component of interest free loan							-
Transfer of interest accrued					(23,947)	23,947	0
At 31 March 2017	66,700	1,900,245	(25,813)	55,705	113,669	(2,555,180)	(444,674)

Condensed Consolidated Statement of Cash Flows

The condensed consolidated cash flow statement of the Group from 1 October 2016 to 31 March 2017 is set out below:

	Period ended 31 Mar 17 £	Period ended 31 Mar 16 £
Cash flows from operating activities		
Operating loss	(579,949)	(539,238)
Depreciation and amortisation	4,450	-
Share based payment charge	31,575	-
Changes in working capital		
Decrease in receivables	31,753	838
(Decrease)/Increase in payables	(40,201)	170,259
Taxation	-	-
Net cash outflow from operating activities	<u>(552,372)</u>	<u>(368,141)</u>
Cash flows from financing activities		
Finance costs	-	464
	-	-
Proceeds from Director Loan	-	150,078
	-	-
Net cash from financing activities	<u>-</u>	<u>149,614</u>
Cash flows from investing activities		
Finance income	132	0
Net cash from investing activities	<u>132</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents	(552,240)	(218,527)
Cash and cash equivalents at start of year	743,824	130,853
Cash and cash equivalents at end of year	<u>191,584</u>	<u>(87,674)</u>

Notes to the Condensed Consolidated Interim Report

1. GENERAL INFORMATION

The Company was incorporated in England and Wales on 2 March 2016 as a public limited company. The Company's registered office is located at PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Hertfordshire, SG6 9BL.

The Group provides a range of telecoms services primarily targeted at the UK SME market. Services offered by the Group include business broadband, fibre, Ethernet First Mile and Ethernet data services, business mobile phones, cloud PBX and SIP Trunking and traditional services (calls and lines) all of which are delivered and managed through Merlin, the Group's proprietary software platform.

On 15 April 2016, the Company entered into four share for share exchange agreements with David Breith pursuant to which the Company acquired the entire issued share capital of each of Toople.com Limited, Toople Finance Limited, Toople Management Services Limited and AskMerlin Limited (together the "Subsidiaries") in consideration for the issue and allotment to David Breith of 39,000,000 ordinary shares in the Company.

The Directors consider the substance of the acquisition of the Subsidiaries by the Company to have been a reverse asset acquisition by the Subsidiaries and that the substance of the Subsidiaries was that of a single business under common ownership and control. Further, the Directors consider that the Company did not meet the definition of a business set out in IFRS3 'Business combinations'. As a consequence, the Directors consider that the transaction which gave rise to the formation of the Group fell outside the scope of IFRS3 and have applied the business reorganisation principles of UK GAAP to account for the combination. The consolidated financial statements therefore present the combination as a continuation of the combined financial information of the Subsidiaries with no goodwill arising on the transaction. The financial information prior to the date of the combination on 15 April 2016 is pro forma.

2. BASIS OF PREPARATION

The interim condensed unaudited financial statements for the period ended 31 March 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at the year ended 30 September 2016. The results for the period ended 31 March 2017 are unaudited.

The condensed unaudited consolidated financial statements for the period ended 31 March 2017 have adopted accounting policies consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2016

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Going concern

At 31 March 2017 the Group had £191,584 of cash and net assets of £47,998 excluding the non-current liability owed to a shareholder that (at the option of the company) is not payable until 2019, and then only at the Boards discretion with reference to liquidity of the business.

In order to continue growing our customer base, further investment is required. To ensure the Company has the resources to take advantage of the market opportunity the Board is reviewing funding options to provide additional working capital. The Directors are therefore seeking shareholder authorities to provide the Company with the flexibility to raise these further funds in the future and are confident that the necessary further investment will be forthcoming. There can, however, be no assurance that this will be the case.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their reasonable amounts, to provide for further liabilities which might arise, and to classify fixed assets as current.

The going concern basis of accounting has been applied based on management's consideration of financial projections and business plan for the business, these include a number of forward looking assumptions about the future growth in the customer base and a reduction in costs following the successful website development, digital marketing, and Merlin integration with its associated consultants and agencies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

4. BUSINESS SEGMENTS

For the purpose of IFRS 8 the chief operating decision maker (“CODM”) is the board of Directors. The Directors are of the opinion that the business comprises a single economic activity, being the provision of telephony services and that currently this activity is undertaken solely in the United Kingdom. All of the income and non-current assets are derived from the United Kingdom. The Company has a single customer that, in the reporting period, amounted to more than 10% of the Company revenue, revenue generated from this customer amounted to £326,161. At meetings of the Directors, income, expenditure, cash flows, assets and liabilities are reviewed on a whole Group basis. Based on the above considerations there is considered to be one reportable segment only, namely telephony services.

Therefore, the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes to equity and the consolidated statement of cash flows.

5. LOSS PER SHARE

The calculation of loss per share is based on the following loss and number of shares:

	Period ended 31 Mar 17	Period ended 31 Mar 16
Loss for the year from continuing operations	(603,763)	(539,702)
Weighted average shares in issue		
Basic and diluted number of shares	100,000,000	75,000,000
Basic and diluted earnings/loss per share (pence)	(0.60)	(0.72)

As detailed in note 1, the consolidated financial statements present the combination as a continuation of the combined financial information of the Subsidiaries with no goodwill arising on the transaction. Basic loss per share is calculated by dividing the loss for the year from continuing operations of the Company by the weighted average number of ordinary shares in issue during the year.

The denominator for loss per share for the period ended 31 March 2016 reflects the shares issued on incorporation of the Company and to acquire the Subsidiaries on 15 April 2016 and is therefore pro forma.

The Company has in issue 8,100,000 warrants at 31 March 2017. The inclusion of the warrants in the weighted average number of shares in issue would be anti dilutive and therefore they have not been included.

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

6. SHARE CAPITAL

Ordinary shares of 0.0667 pence per share	No	Nominal value £
On incorporation	36,000,000	24,012
Shares issued on acquisition of Subsidiaries	39,000,000	26,013
Share placing	25,000,000	16,675
Share capital at 30 September 2016 and 31 March 2017	100,000,000	66,700

On incorporation, the Company had an unlimited authorised share capital and an issued share capital of 36,000,000 ordinary shares of par value 0.0667 pence each.

On 15 April 2016, 39,000,000 ordinary shares were issued and allotted to David Breith in accordance with the terms of the share exchange agreements in relation to the acquisition of the subsidiaries

On 10 May 2016 following the Company's listing on the London Stock Exchange, 25,000,000 ordinary shares of par value 0.0667 pence each were issued, fully paid at £0.08 per share. A commission of £80,000 was payable to the brokers and this has been recognised against the share premium account.

Also on 10 May 2016 following the Company's listing on the London Stock Exchange, the Company issued warrants over 8,100,000 ordinary shares as follows:

- 3,000,000 warrants to the Non-Executive Directors to subscribe for one new ordinary share at £0.08 per share at any time during the period commencing on the second anniversary of admission ("Vesting Date") and at the second anniversary of the Vesting Date, a vesting condition of the warrants is that the holder is a director of the Company on the date of vesting;
- 5,000,000 warrants to the subscribers to the placing to subscribe for one new ordinary share at £0.16 per share at any time during the period commencing on admission and expiring at midnight on the second anniversary thereof save that in the event that the closing price of the ordinary shares is equal to or in excess of £0.24 pence for 10 consecutive trading days then the Company may serve notice on the warrant holders requesting that they exercise their warrants within 14 days in lieu of which they shall lapse; and
- 100,000 warrants to Cairn Financial Advisers to subscribe for one new ordinary share at £0.08 per share at any time during the period commencing on admission and expiring at midnight on the second anniversary thereof

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on a winding up). The ordinary shares do not confer any rights of redemption.

The fair value of the 3,000,000 warrants issued to the Non-Executive Directors and of the 100,000 warrants issued to Cairn Financial Advisers have been determined using the Black-

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

Scholes option pricing model. The fair value at the date of grant per warrant was £0.04 for the 3,000,000 tranche and £0.03 for the 100,000 tranche. The fair value of the warrants issued to the Non-Executive Directors has been charged to the income statement evenly over the vesting period resulting in a charge in the current period of £31,575. The fair value of the warrants issued to Cairn Financial Advisers of £3,080 has been included in the costs of the Company's and placing and therefore debited to share premium in the year ended 30 September 2016.

The inputs to the Black-Scholes model were as follows:

Warrants granted	3,100,000
Stock price	8p
Exercise price	8p
Risk free rate	1%
Volatility	70%
Time to maturity	4 years/2 years

The Company has recently listed on the main market of the London Stock Exchange. It is difficult to calculate the expected volatility of its share price at the year end. Management have therefore considered volatility of listed entities in similar operating environments to calculate the expected volatility.

The fair value of the 5,000,000 warrants issued to subscribers to the placing is considered to comprise a component of the fair value of the ordinary shares issued in the placing. The Directors do not consider the fair value of the warrants to be a material component of the fair value of the shares issued in the placing.

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

7. TRADE AND OTHER PAYABLES

	As at 31 Mar 17	As at 30 Sep 16
	£	£
Trade payables	104,048	187,087
Social Security and other taxes	39,638	56,606
Other payables	22,271	10,271
Accruals and deferred income	179,645	131,426
	345,602	385,390
	As at 31 Mar 17	As at 30 Sep 16
Non – current liabilities		
Shareholder loan account	492,672	469,140

Financial liabilities, with the exception of the shareholder loan included within trade and other payables are all considered to be repayable within 30 days.

On 3 May 2016, the Company put in place formal documentation relating to the balance owed to David Breith, the majority shareholder. The balance cannot be recalled by the shareholder until the third anniversary of the agreement and after this anniversary only repayable if the board consider the Company in a position to service the debt. Therefore, the balance has been classified as non-current in the financial statements but is shown as current in the comparative.

The loan is interest free and has a cash value of £606,756, the Directors consider the market rate of interest that they may be able to obtain for a similar borrowing from a 3rd party to be 10%. The present value of the loan is £492,672 and the present value adjustment has been recognised as a capital contribution within equity. The value of the interest that has been recognised in the statement of comprehensive income at 31 March 2017 is £23,947.

Toople Plc
Unaudited Interim Report
For the Six Month Period Ended 31 March 2017

8. RELATED PARTY TRANSACTIONS

	6 months to 31 Mar 17	6 months to 31 Mar 16
	£	£
Goods/services purchased from Vitrx Limited	4,599	2,797
Goods/services purchased from Blabbermouth Marketing Limited	0	2,000
Goods/services purchased from Diffrenet Limited	8,368	-
Goods/services purchased from Dotfusion Limited	30,780	7,000
Goods/services supplied to Vitrx Limited	9,489	
Goods/services supplied to Diffrenet Limited	240	-
	<hr/>	<hr/>
	53,476	11,797

The above companies are disclosed as related parties due to the nature of the business relationship with Mr David Breith, a major shareholder of Toople PLC. Mr David Breith is a Director or co-owner of the above companies, excluding Dotfusion.

Mr Piotr Kwiatowski is the owner of Dotfusion and is a shareholder in Toople PLC.

9. SUBSEQUENT EVENTS

The Board does not believe there are any subsequent events requiring further disclosure or comment.