



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from, if you are in the United Kingdom, your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 or, if you are not in the United Kingdom, an appropriately authorised independent financial adviser. If you have sold or transferred all your ordinary shares in Totally plc, please pass this document to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.**

10 August 2022

Dear Shareholder,

### **2022 Annual General Meeting**

This year's annual general meeting (the "**AGM**") of Totally plc (the "**Company**") will be held at the registered office of the Company at Cardinal Square First Floor – West, 10 Nottingham Road, Derby, England, DE1 3QT at 10.00 a.m. on Monday 5 September 2022.

The notice convening the AGM is set out on pages 3 to 5. An explanation of the business to be considered at the meeting is contained on pages 8 to 11.

This year, shareholders are being encouraged to vote online by logging on to [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com). Details of how to appoint a proxy electronically are set out in note 2 of the Notes to the Notice of Annual General Meeting on page 6.

Alternatively, shareholders can complete the hard-copy proxy form which accompanies the Notice of Annual General Meeting or, in the case of CREST members, utilise the CREST proxy appointment service.

**Please submit your proxy appointment, in accordance with the relevant instructions, so as to be received as soon as possible and by no later than 10.00 a.m. on Thursday 1 September 2022. Further information on the various ways you can appoint a proxy is given in notes 1 to 4 of the Notes to the Notice of Annual General Meeting on page 6.**

We recommend that all shareholders appoint the Chairman of the meeting as their proxy. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person.

### **Recommendation**

The Board recommends that shareholders vote in favour of Resolutions 1 to 9 being proposed at the AGM, each of which they consider to be in the best interests of shareholders as a whole.

Resolution 10 to be proposed at the AGM is to release the directors of the Company (the "**Directors**") and shareholders of the Company from any liabilities that may arise in connection with the interim dividend made by the Company and paid by the Company on 4 February 2022 for the 6 month period ended 30 September 2021 (the "**Interim Dividend**"), where certain technical requirements of the Companies Act 2006 were not complied with.

The Company's historic reported trading results and financial condition, and ability to pay future dividends, including the proposed final dividend of 0.5 pence per ordinary share for the financial year ended 31 March 2022, are entirely unaffected by this matter.

Pursuant to Rule 13 of the AIM Rules for Companies, the entry by the Company into the Directors' Deed of Release (described in the Explanatory Notes to the Notice of Annual General Meeting) constitutes a related party transaction with respect to the Directors, all of whom were in office at the time of the Interim Dividend.

In addition, the entry by the Company into the Shareholders' Deed of Release (described in the Explanatory Notes to the Notice of Annual General Meeting) will also constitute a related party transaction with the Company's current substantial shareholders, Mr Richard Sneller and Stonehage Fleming Investment Management Ltd, who are currently each interested in more than 10 per cent. of the Company's total voting rights to be cast at the AGM and are therefore deemed to be related parties for the purposes of the AIM Rules for Companies.

## NOTICE OF MEETING

### **Recommendation continued**

As a consequence of the related party transactions, the Directors are unable to make the customary statement and recommendation with respect to Resolution 10. The Board does, however, recommend that shareholders vote on Resolution 10.

In the absence of any independent Directors' recommendation, in order to provide a statement as to what is fair and reasonable, Allenby Capital Limited, in its capacity as Nominated Adviser to the Company for the purposes of the AIM Rules for Companies, considers that Resolution 10 (and specifically the entry by the Company into the Directors' Deed of Release and the Shareholders' Deed of Release) is fair and reasonable insofar as the shareholders of the Company are concerned.

Yours sincerely

**Bob Holt OBE**

Chairman

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the "**AGM**") of Totally plc (registered in England and Wales with registered number 03870101) (the "**Company**") will be held at the registered office of the Company at Cardinal Square First Floor – West, 10 Nottingham Road, Derby, England, DE1 3QT at 10.00 a.m. on Monday 5 September 2022 for the transaction of the following business:

As Ordinary Business to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the audited annual accounts for the Company for the financial year ended 31 March 2022, together with the report of the directors of the Company (the "**Directors**") and the report of the auditor thereon.
2. To declare a final dividend of 0.5 pence per ordinary share for the financial year ended 31 March 2022 to be paid on 12 October 2022 to the holders of ordinary shares on the register of members at the close of business on 9 September 2022.
3. To re-appoint Robert Holt as a director of the Company, who retires in accordance with Article 24 of the Company's articles of association.
4. To re-appoint Wendy Lawrence as a director of the Company, who retires in accordance with Article 24 of the Company's articles of association.
5. To re-appoint RPG Crouch Chapman LLP as auditor of the Company to hold office from the conclusion of the AGM until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

As Special Business to consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolutions 7 to 10 will be proposed as Special Resolutions:

6. That for the purpose of Section 551 of the Companies Act 2006 (the "**Act**") the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and/or to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") during the period expiring at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, 15 months from the date of the passing of this resolution provided that:
  - 6.1. such power be limited to the allotment of shares and/or the grant of Rights with an aggregate nominal value of up to £6,241,344.60 being approximately one third of the Company's current issued ordinary share capital; and
  - 6.2. the Company be and is hereby authorised, prior to the expiry of the period referred to in this resolution, to make any offer or agreement which would or might require shares to be allotted and/or Rights to be granted after the expiry of the said period and the Directors may allot shares and/or grant Rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors in accordance with Section 551 of the Act but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

7. That, subject to the passing of Resolution 6 above, the Directors be and are empowered in accordance with Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 6 and/or to sell ordinary shares held by the Company as treasury shares as if Section 561(1) of the Act did not apply to such allotment or sale provided that the power conferred by this resolution shall be limited to:
  - 7.1. the allotment of equity securities in connection with a rights issue or any pre-emptive offer in favour of holders of ordinary shares in the Company where the equity securities attributable to the respective interests of such holders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on the record date for such allotment (and in favour of holders of any other class of equity securities as required by the rights of those securities or as the Directors otherwise consider necessary) but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, any legal or practical difficulties under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange, or otherwise; and
  - 7.2. the allotment of equity securities or sale of treasury shares (otherwise than pursuant to sub-paragraph 7.1 above) to any person up to an aggregate nominal value of £936,201.70, being 5 per cent. of the Company's current issued ordinary share capital,

and that this power, unless revoked, varied or renewed, shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, 15 months from the date of the passing of this resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors shall be entitled to allot equity securities (or sell treasury shares) pursuant to any such offers or agreements as if the power conferred hereby had not expired.

## Notice of Annual General Meeting continued

8. That, subject to the passing of Resolution 6 above, the Directors be and are empowered, in addition to any authority granted under Resolution 7 above, in accordance with Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 6 and/or to sell ordinary shares held by the Company as treasury shares as if Section 561(1) of the Act did not apply to such allotment or sale provided that the power conferred by this resolution shall be:
- 8.1. limited to the allotment of equity securities or sale of treasury shares to any person up to an aggregate nominal value of £936,201.70, being 5 per cent. of the Company's current issued ordinary share capital; and
  - 8.2. used only for the purpose of financing (or refinancing, if the authority is to be used within 6 months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Annual General Meeting.

and that this power, unless revoked, varied or renewed, shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, 15 months from the date of the passing of this resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted (or treasury shares to be sold) after such expiry and the Directors shall be entitled to allot equity securities (or sell treasury shares) pursuant to any such offers or agreements as if the power conferred hereby had not expired.

9. To authorise the Company generally and unconditionally to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 10 pence each provided that:
- 9.1. The maximum aggregate number of ordinary shares that may be purchased is 18,724,034.
  - 9.2. The minimum price (excluding expenses) which may be paid for each ordinary share is 10 pence.
  - 9.3. The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
    - (i) 105 per cent. of the average market value of an ordinary share in the Company for the five business days prior to the day the purchase is made; and
    - (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for:
      - (a) the last independent trade of; and
      - (b) the highest current independent bid for,any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred by this resolution shall expire on the date 15 months from the date of the passing of this resolution or, if earlier, at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

10. That, in relation to the interim dividend of 0.5 pence per ordinary share paid by the Company on 4 February 2022 for the 6 month period ended 30 September 2021 (the "**Interim Dividend**"):
- 10.1. the appropriation of distributable profits of the Company on an unconsolidated basis (as shown in the interim accounts of the Company for the 16 month period to 31 July 2022 filed at Companies House in accordance with the Act) to the payment of the Interim Dividend be and is hereby authorised and confirmed by reference to the same record date as the original accounting entries for such dividend;
  - 10.2. any and all liability those shareholders who appeared on the register of members of the Company on the record date for the Interim Dividend (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased) has or may have to the Company and all claims and demands the Company has or may have against any such shareholders (or the personal representatives and their successors in title (as appropriate) of such shareholder's estate if he or she is deceased), in each case arising out of or in connection with the payment of the Interim Dividend (whether such liability, claims or demands are present, future, actual or contingent, known or unknown) be waived and released pursuant to a deed of release in favour of such shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased), to be entered into by the Company in the form produced to the AGM and initialled by the Chairman for the purposes of identification and any Director in the presence of a witness, any two Directors of the Company or any Director of the Company and the Company Secretary be authorised to execute the deed of release as a deed poll for and on behalf of the Company;

- 10.3. any distribution involved in the giving of the release (referred to in sub-paragraph 10.2 above) in relation to the Interim Dividend be made out of the relevant distributable profits of the Company appropriated to the Interim Dividend by reference to a record date identical to the record date for the Interim Dividend; and
- 10.4. any and all liability each of the Directors (or the personal representatives and their successors in title (as appropriate) of a Director's estate if he or she is deceased) has or may have to the Company and all claims and demands the Company has or may have against any of its Directors (or the personal representatives and their successors in title (as appropriate) of a Director's estate if he or she is deceased), in each case arising out of or in connection with the approval, declaration or payment of the Interim Dividend (whether such liability, claims or demands are present, future, actual or contingent, known or unknown) be waived and released pursuant to a deed of release in favour of each such Director (or the personal representatives and their successors in title (as appropriate) of a Director's estate if he or she is deceased), to be entered into by the Company in the form produced to the AGM and initialled by the Chairman for the purposes of identification and any Director in the presence of a witness, any two Directors of the Company or any Director of the Company and the Company Secretary be authorised to execute the deed of release as a deed poll for and on behalf of the Company.

By order of the Board

**John Charlton**  
Company Secretary

Registered Office:  
Cardinal Square First Floor – West  
10 Nottingham Road  
Derby  
DE1 3QT

Dated: 10 August 2022

Please see the Notes to the Notice of Annual General Meeting and Explanatory Notes to the Notice of Annual General Meeting overleaf.

## NOTICE OF MEETING

# Notes to the Notice of Annual General Meeting

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be a member of the Company but who must attend the AGM to represent you) to attend, speak and vote on their behalf. In order to be valid, an appointment of proxy must be returned by one of the following methods:

- by appointing a proxy electronically in accordance with the procedures set out in note 2;
- by completing a hard-copy proxy form in accordance with the procedures set out in note 3; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 4,

and in each case to be valid must be received by Share Registrars Limited not less than 48 hours before the time of the AGM or adjourned meeting (excluding any part of a day that is not a working day).

2. To appoint a proxy electronically, log on to [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com), click on the "Proxy Vote" button and then follow the on-screen instructions. Electronic facilities are available to all members and those who use them will not be disadvantaged. If you need help with appointing a proxy electronically, contact our Registrars, Share Registrars Limited, on +44 (0) 1252 821390. For an electronic proxy appointment to be valid, your appointment must be received by Share Registrars Limited not less than 48 hours before the time of the AGM or adjourned meeting (excluding any part of a day that is not a working day).
3. To appoint a proxy using the hard copy proxy form, the proxy form must be completed, signed and returned, together with the power of attorney or other authority, if any, under which it is signed, or a duly certified copy of such power or authority, by post, by courier or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX. The hard-copy proxy form must be completed and signed by the shareholder appointing the proxy or by their attorney duly authorised in writing. If the shareholder is a company, the hard-copy proxy form should be sealed with its common seal or signed on its behalf by an officer or an attorney of the company or other person authorised to sign it. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of it by utilising the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
4. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Share Registrars Limited (ID: 7RA36) not less than 48 hours before the time of the AGM or adjourned meeting (excluding any part of a day that is not a working day). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see note 1 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX, tel. +44 (0) 1252 821390. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX. The revocation notice must be received by Share Registrars Limited not less than 48 hours before the time of the AGM or adjourned meeting (excluding any part of a day that is not a working day). In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer or attorney of the company or other person authorised to sign it. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
8. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
9. The completion of a proxy form does not preclude a member from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.
10. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the Company's register of members at 10.00 a.m. on the day two working days prior to the AGM or adjourned meeting shall be entitled to attend and speak at the AGM and to vote in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend and/or vote at the AGM.
11. You may not use any electronic address provided in this Notice of Annual General Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
12. Copies of the deeds of release referred to in Resolution 10 will be available on the Company's website at <https://www.totallyplc.com/investors/results-reports-and-presentations/> and hard-copies will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday, Sunday and public holidays excluded) from the date of this Notice of Annual General Meeting until the AGM and will be available for inspection at the place of the AGM for at least 15 minutes prior to and during the AGM.

## NOTICE OF MEETING

# Explanatory notes to the Notice of Annual General Meeting

### Resolution 1

The Directors are required by law to lay the Company's audited annual accounts and directors' report and auditor's report for the financial year ended 31 March 2022 before a general meeting of the Company.

### Resolution 2

The Directors are proposing to pay a final dividend of 0.5 pence per ordinary share which can only be paid if approved by shareholders. If the recommended final dividend is approved, it will be paid on 12 October 2022 to all members on the register of members at the close of business on 9 September 2022. The final dividend will be justified by reference to interim accounts prepared by the Company in accordance with the Act for the 16 month period to 31 July 2022, which were delivered to Companies House on 1 August 2022 and show distributable reserves sufficient to allow for the final dividend.

### Resolutions 3 and 4

Under the terms of the Company's articles of association, the nearest number to, but not greater than, one third of the Directors of the Company (who are not otherwise required to resign) must resign at the AGM and may offer themselves for re-appointment. The longest serving Directors must resign or, where they have been in office for the same period of time, the Directors to resign are chosen by lot (unless they otherwise agree among themselves).

Currently the Board of Directors has six Directors. Robert Holt and Wendy Lawrence have been the longest in office since their appointment or last re-election and accordingly they will retire by rotation and offer themselves for re-election at the AGM.

### Resolution 5

The auditor is required to be re-appointed at each annual general meeting at which the Company's audited accounts are laid. The Directors, on the recommendation of the Audit Committee (which has evaluated the effectiveness and independence of the external auditor), are proposing the re-appointment of RPG Crouch Chapman LLP as auditor. This resolution also authorises the Directors to fix the auditor's remuneration.

### Resolution 6

Under the Act, the Directors may only allot shares if authorised to do so. It is customary to grant a new authority at each annual general meeting. Accordingly, this resolution will be proposed as an ordinary resolution to grant a new authority to allot shares and/or grant Rights with an aggregate nominal value of up to £6,241,344.60 which represents approximately one third of the Company's issued ordinary share capital as at 30 June 2022. If given, this authority will expire at the end of the next annual general meeting of the Company to be held after the date of the passing of the resolution or, if earlier, 15 months from the date of the passing of the resolution. Although the Directors currently have no present intention of exercising this authority, passing this resolution will allow the Directors flexibility to act in the best interests of the Company's shareholders when opportunities arise.

### Resolution 7

The Directors require additional authority from the Company's shareholders to allot shares or sell treasury shares where they propose to do so for cash and otherwise than to the Company's shareholders pro rata to their holdings. This resolution will give the Directors power to issue new ordinary shares or sell treasury shares for cash other than to the Company's shareholders on a pro rata basis: (i) by way of a rights or similar issue; or (ii) with a nominal value of up to £936,201.70 which represents 5 per cent. of the Company's issued ordinary share capital as at 30 June 2022. If given, this authority will expire at the end of the next annual general meeting of the Company to be held after the date of the passing of the resolution or, if earlier, 15 months from the date of the passing of the resolution. This resolution will be proposed as a special resolution. Although the Directors currently have no present intention of exercising this authority, passing this resolution will allow the Directors flexibility to act in the best interests of the Company's shareholders when opportunities arise.

### Resolution 8

In addition to the power conferred by Resolution 7, the Directors are seeking additional authority from the Company's shareholders to allot shares or sell treasury shares where they propose to do so for cash and otherwise than to the Company's shareholders pro rata to their holdings in relation to an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice of Annual General Meeting (the "**Statement of Principles**").

This resolution is in line with Statement of Principles (as updated in March 2015), and the template resolutions published by the Pre-Emption Group in May 2016.

The Directors confirm that they will not allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 8 other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue or which has taken place in the preceding 6 month period and is disclosed in the announcement of the allotment.

The Directors currently intend that any exercise of the authority conferred by this resolution would be made in connection with an acquisition consistent with the Company's stated buy and build strategy.

### Resolution 9

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 18,724,034 of its ordinary shares, representing 10 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at 30 June 2022.



The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority. The authority will expire on the earlier of the date 15 months from the date of the passing of the resolution and the end of the Company's next annual general meeting.

The Directors do not currently have any intention of exercising the authority granted by this resolution. The Directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per ordinary share.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). The Directors currently intend to cancel all shares purchased under this authority.

## **Resolution 10**

### **The Interim Dividend**

In the process of finalising the audited annual accounts for the Company for the financial year ended 31 March 2022, the Directors became aware that the Interim Dividend was not made in accordance with the Act because the Company (on an unconsolidated basis) did not have sufficient distributable profits available prior to payment.

There were sufficient reserves held in subsidiaries of the Company which could have been distributed to the Company. Therefore, had certain internal corporate transactions been implemented prior to the payment of the Interim Dividend, adequate distributable reserves would have been available to the Company.

These issues only affected the Interim Dividend and did not affect any other distributions made by the Company.

### **The consequences of the Interim Dividend having been made otherwise than in accordance with the Act**

The Company has been advised that, as a consequence of the Interim Dividend having been distributed otherwise than in accordance with the Act, it may have claims against past and present shareholders of the Company who appeared on the register of members on the record date for the Interim Dividend and were recipients of the Interim Dividend (or their personal representatives (and their successors in title) if they are deceased) ("**Recipient Shareholders**") and against the Directors who were all directors of the Company at the time of payment of the Interim Dividend.

It is not the intention of the Company that any such claims should be made by the Company against either the Recipient Shareholders or the Directors.

### **Shareholder approval**

In order to remedy the potential consequences of the Interim Dividend having been made otherwise than in accordance with the Act, and to put the Recipient Shareholders and the Directors, so far as possible, into the position in which they were intended to be, the Company is proposing Resolution 10 as a special resolution.

Resolution 10 (which is proposed in four linked parts) asks shareholders to:

- (a) approve the appropriation of the historic profits of the Company to the Interim Dividend;
- (b) release the Recipient Shareholders from any claim by the Company for repayment of the Interim Dividend received by them;
- (c) treat any such release as being equivalent to the unlawful element of the Interim Dividend that was originally paid; and
- (d) release the Directors from any liability to the Company in respect of the payment of the Interim Dividend or any associated breach of their duties in that regard.

The approach that the Company is proposing by way of Resolution 10 is consistent with the approach taken by other UK listed companies that have, similarly, made distributions otherwise than in accordance with the Act.

Should Resolution 10 not be passed by shareholders, there is a theoretical risk that the Company is entitled to make claims against the Recipient Shareholders and the Directors.

# Explanatory notes to the Notice of Annual General Meeting continued

### Resolution 10 continued

#### **The authorisation of the appropriation of the Company's distributable profits and the Shareholders' Deed of Release**

The approach that the Company is proposing involves the authorisation of the appropriation of the distributable profits of the Company to the payment of the Interim Dividend. The Company has prepared interim accounts for the 16 month period to 31 July 2022 in accordance with the Act which were delivered to Companies House on 1 August 2022 and show distributable reserves sufficient to allow for this appropriation. As a matter of common law, it is necessary for this authorisation to be approved by shareholders.

It is also proposed that the Company enter into a deed of release in favour of the Recipient Shareholders, as described in Resolution 10 (the "**Shareholders' Deed of Release**"). The consequence of the entry into of the Shareholders' Deed of Release by the Company is that the Company will be unable to make any claims against the Recipient Shareholders in respect of the payment of the Interim Dividend otherwise than in accordance with the Act.

The Company has also been advised that it is preferable for shareholders to approve the Company's entry into the Shareholders' Deed of Release, since the release of the Recipient Shareholders from any and all claims which the Company has or may have in respect of the payment of the Interim Dividend will, insofar as those Recipient Shareholders remain shareholders of the Company, comprise a shareholder distribution.

The proposed authorisation of the appropriation of the Company's distributable profits to the payment of the Interim Dividend and the entry by the Company into the Shareholders' Deed of Release will not, however, have any effect on the Company's financial position. This is because the aggregate amount of the Interim Dividend is equal to and offset by the release of each shareholder from the liability to repay the amount already paid and the Company will not be required to make any further payments to shareholders in respect of the Interim Dividend.

In addition, the Company has not recorded or disclosed the potential right to make claims against Recipient Shareholders as an asset or a contingent asset in its financial statements. Under the Company's IFRS accounting policies, it could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against the Recipient Shareholders is uncertain (and, in any case, incapable of reliable estimation) on the basis that it may be possible for the Recipient Shareholders to establish defences to any such claims and there can be no certainty as to the amounts which could be recovered by the Company.

In addition, under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The Directors have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Accordingly, the Company's entry into the Shareholders' Deed of Release will not result in any decrease in the Company's net assets or the level of its distributable reserves.

#### **The Directors' Deed of Release**

It is also proposed that the Company enter into a deed of release in favour of the Directors, as described in Resolution 10 (the "**Directors' Deed of Release**"). The consequence of the entry into of the Directors' Deed of Release by the Company is that the Company will be unable to make any claims against the Directors in respect of the payment of the Interim Dividend otherwise than in accordance with the Act.

Under the Company's articles of association, it is necessary for shareholders to approve the Company's waiver of any rights of the Company to make claims against the Directors in respect of the Interim Dividend, since the Board would itself have a potential conflict of interest in approving such a waiver. This is because the members of the Board are named as beneficiaries of the waiver.

The Directors have agreed that they will not vote on Resolution 10 in respect of their own shareholdings because, if passed, the resolution releases the Directors from any claim which the Company may have against them in respect of the Interim Dividend and they are therefore personally interested in the passing of such resolution.

The entry by the Company into the Directors' Deed of Release will not have any effect on the Company's financial position because, as with the position in relation to the Interim Dividend and potential claims against the Recipient Shareholders, the Company has not recorded or disclosed its right potentially to make claims against the Directors in respect of the Interim Dividend as an asset or contingent asset of the Company.

Again, under the Company's IFRS accounting policies, it could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against past and present directors is uncertain (and, in any case, incapable of reliable estimation) on the basis that the Directors would be entitled to seek the court's relief against such claims and there can be no certainty as to the amounts (if any) which could be recovered by the Company.

In addition, under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The Directors have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Therefore, the Company's entry into the Directors' Deed of Release does not involve the disposition of any recognised asset or contingent asset by the Company in favour of the Directors.

#### **Related party transactions**

Pursuant to Rule 13 of the AIM Rules for Companies, the entry by the Company into the Directors' Deed of Release constitutes a related party transaction with respect to the Directors, all of whom were in office at the time of the Interim Dividend.

In addition, the entry by the Company into the Shareholders' Deed of Release will also constitute a related party transaction. This is because Mr Richard Sneller and Stonehage Fleming Investment Management Ltd are currently each interested in more than 10 per cent. of the Company's total voting rights to be cast at the AGM and are therefore deemed to be related parties for the purposes of the AIM Rules for Companies.

#### **Steps to ensure that future distributions comply with the Act**

To ensure that all future distributions comply with the Act, the Board has taken steps to ensure that adequate review procedures and processes are followed ahead of the declaration of any final dividend or interim dividend, in particular, to confirm whether the last set of accounts filed at Companies House show sufficient distributable profits to cover the relevant dividend or if interim accounts need to be prepared and filed ahead of any proposed dividend.

The Board is grateful to shareholders for their understanding in respect of the issues relating to the Interim Dividend.



**Totally plc**

Cardinal Square West  
10 Nottingham Road  
Derby  
DE1 3QT

+44 (0)20 3866 3330

[info@totallyplc.com](mailto:info@totallyplc.com)