Londonist DMC Ltd (CRN: 08392889)
Board Meeting Minutes
Date: 5 June 2025
Time: 12:30 GMT
Location: Microsoft Teams (Online Meeting)
Minute Taker: Sadik Isler

1. Attendance

Directors Present:

- Umang Gandecha (UG)
- Asim Erturk (AE) - Chair

Branch Director (TR):

- Fulya Kocal (FK)

Other Attendees:

- Joy Gupta (JG), Finance Director
- Anil Hayat (AH), HR Manager
- Sadik Isler (SI), Corporate Counsel

2. Agenda

- Review of 2023–2024 Financial Year Accounts
- Overview of 2024–2025 Year to Date
- Strategic Plans for 2025–2026
- Operational and Financial Updates
- Staffing, Sales, and Marketing Review
- Cost Control and Restructuring Measures
- Investor and Funding Opportunities
- Action Items and Next Steps

3. Financial Overview and Business Performance

AE provided an overview of recent financial years:

- **FY 2022–2023:** The company returned to profitability post-COVID.
- **FY 2023–2024:** The business faced a significant downturn although there was a great expectations and profitability in the market after COVID, leading to a large loss due to:
    - Reverse charge VAT liabilities of approximately £1.2m arising from erroneous advice by HWF accountants.
    - Overestimated post-COVID market demand, which resulted in aggressive increases in marketing and operational expenditure.
    - Turkish operational expenses reached £1.4m annually.
    - Inaccurate ledger data led to misinformed projections during H1 2024.
    - Efforts to recover through summer sales in 2024 were unsuccessful.

FY 2024–2025:

- Strategic downsizing and cost controls were introduced:
  - Company restructurings in China and Turkey to mitigate reverse VAT impact.
  - Reductions in marketing expenditure (notably Google campaigns), travel, HR activities, subscriptions, sponsorships, and contractor usage.
  - Turkish office rent reduced via relocation to smaller premises and adoption of remote work.
  - TR operational costs reduced from £1.4m to approximately £850k.
  - Staff salary increases in TR were limited to 15–20% (down from 40% YoY); no increases applied in the UK apart from pre-agreed ones.
  - Implementation of AI tools to reduce OPEX and enhance sales performance.

Future Risk:
Despite actions taken, projections indicate a potential loss of £1.5–2m for the year ending August 2025. AE highlighted that without significant improvement or investment, continued operations may not be sustainable in the long term.

4. Financial Reports

JG presented detailed financial comparisons:

- Turnover increased from **£23m (2023)** to **£37.8m (2024)**, primarily driven by heightened demand expectations after COVID, but it ended very quickly and turned down market slowdown and increased competition in prices.
- Marketing spend rose from **£600k (2023)** to **£1.3m (2024)**.
- A Spotlight Report was provided for April 2025, comparing September–March periods for 2024 and 2025, noting:
  - Sharp increases in NI contributions (£82k to £129k).
  - Reduced consulting costs.
  - Significant rise in interest payments.
  - Concerns raised regarding continued elevated operational and marketing costs.

Gross Margin (Sep 2024–Mar 2025): Approximately **12%**, with no recorded profit, but loss.

5. TR Branch Update

FK acknowledged past overspending but provided context:

- TR economic instability with inflation exceeding 100% and minimum wage doubling within a year.
- Currency fluctuations impacted financial planning.
- TR office now operates more efficiently; productivity has increased despite reduced expenditure.
- TR sales performance has tripled compared to previous periods.
- Going forward, TR will aim to stabilise costs and continue pursuing investor engagement.

6. HR Perspective

AH noted:

- Market volatility has led to continuous changes in HR requirements.
- Monthly strategies are being adapted to support shifting sales and operational targets.
- HR continues to monitor performance and workforce needs closely.

7. Sales and Strategy Update

UG reinforced the following:

- Acknowledged shared responsibility for financial outcomes and the need for proactive improvement.
- Increased competition from low-cost market entrants has impacted margins.
- A "Fill the Gap" campaign is underway to address sales challenges.
- Sales in China remain unstable, often correlating with physical presence of senior staff.
- Highlighted the importance of improved financial understanding among leadership.
- Strategic investors are being pursued to resolve cash flow concerns and support growth.

8. Forward Strategy and Action Points

AE outlined key ongoing and upcoming actions:

Cost Controls

- Continue strict OPEX monitoring until at least summer 2025.
- Office cost reductions:
    - Surrender request sent for 5 Great James Street office (lease ending 2029).
    - Canary Wharf office to be vacated at lease end; early surrender not permitted under Spaces' policy.
- Planned redundancy of 26 employees across departments.
- Additional cuts to be made to contractors and subscriptions.
- Review of unpaid invoices and bad debts.

Sales and Operations

- Renewed focus on sales channels and alternative revenue models.
- Exploration of hybrid tenancy models (e.g., Paddington, serviced apartments, hotels, Airbnb's, HMO's).
- Potential reduction of 51-week accommodation purchases to 43 weeks to improve summer occupancy.

HR

- Emphasis on individual KPIs and performance management.
- Reduce HR flexibility in line with industry norms.

Technology

- Increased AI integration across departments to improve productivity and reduce costs.

Market & Investor Relations

- Continuous competitor analysis and market responsiveness.
- Ongoing investor outreach to resolve liquidity concerns.

Next Review: Review of marketing effectiveness and staffing structure scheduled before Q3 2025.

Meeting Closed: 14:00 GMT
Minutes Prepared By: Sadik Isler

Chair: Asim Erturk

Signature: