

Octagonal Ltd (“**Octagonal**”) – Shareholder update

10 August 2021

Dear Shareholder,

Please find below a general update from the Board on the current activities of Octagonal and the publication of the audited accounts for its main operating subsidiary, Global Investment strategy UK Limited (“**GIS**”).

Octagonal Ltd

General Meeting

Octagonal will publish its consolidated group accounts shortly with the notice for a General Meeting where it will cover the regular general matters such as the approval of the accounts and it will also seek shareholder permission to restructure its capital to create distributable reserves for any potential share buyback program.

Share buyback

Any share buyback would be subject to GIS maintaining appropriate regulatory capital adequacy and liquidity requirements, normal working capital considerations and otherwise subject to the satisfaction of all other relevant financial requirements. One of the factors the Board would need to carefully consider when determining whether to implement any such buyback program as part of these conditions is the status of the SEC complaint (see below for further details).

Octagonal has had discussions with two organisations that could provide a “Matched Bargain” facility on their trading platforms. The purpose of a Matched Bargain Facility would be to enable shareholders to trade their Octagonal shares by matching buyers and sellers through auctions. Subject to satisfaction of the relevant conditions as mentioned above we will seek to enter into a contract with a platform to enable Octagonal to potentially implement a buyback program. It is hoped that the facility may also enable shareholders to trade their shares amongst themselves and external buyers.

Dividends

Subject to liquidity, capital adequacy and normal working capital considerations, once Octagonal has published its audited group accounts, it is the Board’s intention that Octagonal will continue to maintain its annual dividend policy.

GIS

The Board is pleased to include in this update the audited accounts for Octagonal's main operating business GIS.

During the reporting period there were a couple of prudent exceptional items expensed in the statement of comprehensive income for the year ended 31st March 2021.

These items include:

SEC compliant:

Shareholders may be aware that the U.S. Securities and Exchange Commission (the "SEC") filed a complaint in December 2020 alleging that GIS violated section 15 of the Securities Exchange Act of 1934 by acting as a broker-dealer in the U.S. without registration with the SEC. The complaint omits several material facts and in particular, fails to recognise that GIS neither accepts nor executes orders for U.S. persons. Shareholders will note that GIS strongly disputed these allegations. However, as this matter is ongoing, it would be inappropriate to provide any material update to shareholders on this matter at this time.

As soon as the Board is in a position to update shareholders, it will do so as a matter of the utmost importance.

Synergis Capital Plc ("Synergis")– investment:

Synergis was set up to provide commercial asset backed lending, financed by an investment bond which would be issued in tranches and distributed by GIS.

Following the COVID 19 pandemic, there has been a lot of uncertainty in the financial markets. This uncertainty can cause depositors to become more risk adverse and revert back to financial institutions that have been around for years such as established mainstream banks. This will potentially have negative impacts on challenger banks and start-ups similar to Synergis. Additionally, the lending markets have also been challenging where we have seen increased amounts of defaults on commercial and property loans over the period of the pandemic.

GIS has further been working with its regulator, the Financial Conduct Authority, to ensure that it has all the competencies and has the necessary liquidity to launch and maintain such a business during both normal market conditions and periods of stress. Synergis is at present undertaking an evaluation of both market conditions and the requirements needed to launch and maintain this business. It is further reviewing opportunities to work in partnership with a larger financial institution or to license or sell its operating systems.

GIS has made a prudent provision of £536,277 in respect of its investment whilst it evaluates the opportunity as impacted by the pandemic.

The Board will provide shareholder further updates in due course.

On Behalf of the Board of directors,



Octagonal Ltd