

**Octagonal plc**

(“Octagonal” or the “Company”)

**Trading Update for Trading Subsidiary**

Following completion of the reporting period to 31 March 2020, Octagonal provides the following trading update for its principal and wholly owned trading subsidiary - Global Investment Strategy UK Limited (“GIS”).

The Board is pleased to announce that GIS expects to report EBITDA of £1.65million, on sales of £5.8 million for the year ended 31 March 2020. Although this is a 6.8% decrease in profits (2019: £1.77 million) and 7.4% increase in sales (2019: £5.4 million) from the previous year, these results reflect the reduction of overall profit margins reported in 2019 and additional administration cost incurred in association with the development of its subsidiaries. The impact of Covid-19 saw a decrease in event driven equity volumes, but an increase in credit trading.

**Highlights**

- Sales increased by 7.4% against FY2019
- EBITDA reduced by 6.8% against FY2019
- Net EBITDA profit margins 28%
- Strong net cash position, over £5m.

The Group’s audited results will be announced in due course.

John Gunn, Chairman, said, “Over the past few months, we have seen increased market volatility and uncertainty as a result of the impact of Covid-19. This has been the greatest challenge to the financial service industry since the financial crisis of 2008. During these periods of increased volatility, the board of GIS took steps to limit client exposure to riskier assets and strengthen our liquidity resources. The strategy in which we chose to navigate the period, given the conditions, is a testament to the strength of our business model. Our investments in technology has enabled us to continue to serve our clients around the World, with all employees working from home, offering clients a seamless 24-hour 5 day a week service from London, Mumbai and Hong Kong. I am proud of the hard work and conscientiousness of the team, with many facing personal challenges given the impact of the Covid-19 lockdown. Whilst largely relating to the pre-crisis period, the 2020 results demonstrate the stability of our business model and protection of our stakeholders’ interests. Our balance sheet, capital and liquidity position remain strong and we remain well positioned to facilitate client activity during these uncertain times. For now, our focus remains on the welfare of our employees and the financial soundness of the business”.

Highlights for the period to March 31st

Discussions continue with the FCA as regards SynerGis activity.

We continue to undergo an evaluation process with our regulator, and we believe we've made good progress in demonstrating the businesses’ robust processes and controls that are essential for intended specialist lending activity.

In light of the current though challenging conditions within the lending sector, GIS will need to consider these conditions with the launch of SynerGIS delayed until we see normal market conditions restored.

GIS has in the period become a CREST participant and we will shortly launch our service offering in the UK to regulated entities and professional clients.

We have recently seen an increase in requests for our services from UK and European regulated entities, who are seeking to reduce their operational costs by engaging with GIS as their global settlement and custody partner. We are encouraged by this trend and we be developing a modest advertising campaign over the year ahead to increase the awareness of our global service offering.

GIS HK is fully operational and has establish an impressive network of Asia Pacific relationships to offer service to both its London based parent and regional clients. The HK office has contributed attributable income to its London parent, but we hope the year ahead will see it demonstrate its fiscal autonomy as a stand-alone entity, working in cooperation with its parent, but also servicing Asia based clients looking for a global service offering.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

**For further information please visit [www.octagonalplc.com](http://www.octagonalplc.com) or contact:**

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