

**11 January 2021**

**Octagonal PLC  
(the “Company”)**

**Octagonal PLC trading and general update 31<sup>st</sup> December 2020 for wholly owned subsidiary Global Investment Strategy UK Limited (GIS)**

Further to our update to shareholders on the 24<sup>th</sup> December 2020 and ahead of the General Meeting on the 13<sup>th</sup> January 2021, the Company is providing the following update.

**SEC Complaint**

While GIS strongly disagrees with the allegations, including the Securities and Exchange Commission’s (SEC) characterisation of the relevant conduct engaged in, GIS understands the regulator’s desire to ensure compliance with the Securities Exchange Act. As such, GIS does not believe it would be beneficial to the business or GIS’s clients to engage in a protracted dispute with the SEC and has elected to cease the conduct cited by the SEC. As a result, GIS will no longer carry accounts for, or provide financing services to, U.S. persons and believes that this action should eliminate any future concerns the SEC may have regarding whether such conduct requires registration under Section 15 of the Securities Exchange Act.

GIS remains in good standing with the FCA so far as the directors are aware and GIS is committed to maintaining an ongoing co-operative dialogue with its regulator. Additionally, GIS is in compliance with all UK capital and liquidity requirements and continues to maintain a conservative approach to capital and liquidity management at all times, in line with UK regulatory requirements. The directors believe that the complaint filed by the SEC poses no credible risk to GIS's ability to meet all of its obligations to clients and counterparties.

GIS does not anticipate that the complaint raised by the SEC will result in any disruption to the service provided to existing non-U.S. clients.

As a result of these decisions, there will be an impact to future earnings of the business and GIS’s management team is working closely with clients and advisors to ascertain that impact. GIS is not yet in a position to quantify the impact on its business. We do however remain confident that we will be able to recover lost income through a number of business initiatives that GIS’s management have already put in place.

We are pleased to report that our Hong Kong subsidiary is attributing positive earnings to the group in the 3<sup>rd</sup> Quarter to 31<sup>st</sup> December 2020 and the board remains optimistic that this trend will continue throughout 2021. Additionally, we will shortly commence activity through our London Stock Exchange CREST membership, attracting domestic clients to our services platform.

Even with the cessation of certain services, as explained above, the board remains optimistic of remaining operationally profitable whilst GIS restores lost earnings. To this end, GIS intends to retain all of its employees as we ready ourselves for new challenges.

For the 6 months to 30<sup>th</sup> September 2020, GIS reported sales of £4.79m and earnings of £2.08m. By way of further update we can confirm that GIS generated sales in excess of £2m for the 3<sup>rd</sup> Quarter to 31<sup>st</sup> December 2020 (by comparison, revenue for the 3 months to 31<sup>st</sup> December 2019 was £1.2m).

### **De-listing**

The board has taken shareholder feedback following our announcement of 17<sup>th</sup> December 2020 and our circular to shareholders.

If the resolution to de-list succeeds it remains the intent of the board to offer to shareholders a scheme to buy back shares from those shareholders who wish to dispose at a fair market rate. This will be subject to the business retaining the appropriate level of regulatory capital and buffers to meet its obligations and provisions and to satisfying legal requirements enabling companies to buy back their shares. We would seek to update shareholders further when the board can make the necessary assessments, but this would most likely be after the financial year end on 31<sup>st</sup> March 2021 and possibly after audited accounts are filed for GIS.

The board would also seek to maintain a dividend policy which would be subject to similar legal and regulatory conditions as above.

The board can also confirm that arrangements are being put in place to provide a matched bargain facility for the trading of shares following re-registration of GIS as a private company. Further details will be provided after the outcome of the General Meeting.

### **AIM Suspension**

The Company's Ordinary Shares remain suspended on AIM until such time as the Company can provide greater clarity on the financial implications of the SEC complaint.

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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