

11 June 2018

**GoTech Group plc  
("GoTech" or the "Company")**

**Adjournment of General Meeting,  
Proposed NEX admission - Investment Strategy Clarification and Risk Factors**

GoTech announces that its general meeting ("General Meeting"), convened to be held at 11 a.m. today has been adjourned. As part of the Company's application for its ordinary shares of 0.1 pence each ("Ordinary Shares") to be admitted to trading on the NEX Exchange Growth Market ("NEX") as an investment vehicle, the Company has made minor amendments to its proposed investment strategy, further details of which are set out below.

The adjourned General Meeting will now be held on 15 June 2018 at 11.00 a.m. at the offices of Peterhouse Capital Limited, New Liverpool House, 15 Eldon Street, London EC2M 7LD. A copy of this announcement will be posted to shareholders tomorrow and will be made available on the Company's website <https://www.gotechgroup-plc.com/>. Votes that have been cast will remain valid, but shareholders may change their votes if they so wish or alternatively may cast their votes if they have not yet done so. Shareholders should refer to the voting instructions enclosed in the circular which was dated 24 May 2018 and posted to shareholders on 25 May 2018, a copy of which is available on the Company's website at: <https://www.gotechgroup-plc.com/>.

The Company's proposed admission to trading on NEX is conditional, *inter alia*, on all resolutions being approved at the General Meeting to take place on 15 June 2018 ("General Meeting") and the cancellation of admission of its Ordinary Shares to trading on AIM ("Cancellation") occurring.

**As detailed in the Company's circular and announcement of 24 May 2018, trading in the Company's Ordinary Shares on AIM will be suspended with effect from 7.30am on 21 June 2018 pursuant to AIM Rule 15. Subject to the relevant resolution being passed at the General Meeting, it is expected that Cancellation will take effect at 7.00 a.m. on 25 June 2018. It is anticipated that dealings in the Company's Ordinary Shares on NEX will commence at 8.00 a.m. on 25 June 2018.**

**Investment Strategy Process Clarified**

In conjunction with the Company's application for its Ordinary Shares to be admitted to trading on NEX, the Company would like to clarify its Investment Strategy further, pursuant to the legal obligations with respect to investing in cannabis quoted and listed companies.

The Company at this stage will not focus on mainland Europe until the regulatory status of the medicinal cannabis industry becomes more developed. In due course and with increased Company resources, the Company may review the status of mainland Europe and consult Shareholders as appropriate.

The Company will be responsible for commissioning appropriate legal due diligence on prospective investments.

External advisers and investment professionals will be engaged as necessary to assist with the sourcing and due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.

As part of each investment analysis, Malcolm Burne (to be appointed as a director of the Company in conjunction with the proposed admission to NEX), with the assistance of the Board, will liaise with and

where necessary, instruct National or Foreign Counsel to produce a legal opinion relating to the terms and lawfulness of the Company's proposed investment. The Board will review the Counsel's opinion to identify whether the investment is in line with a legal opinion to be given by UK Counsel in relation to the same matter. The Board will heed the advice provided by Foreign and UK Counsel, and where the advice given reflects any negatives, regulatory risks, or otherwise advised, will decline the proposed investment. In particular, the Board will seek to ensure that there is as little risk as possible of breaching the Proceeds of Crime Act 2002 ("POCA 2002"), The Misuse of Drugs Act 1971 ("MDA 1971"), The Misuse of Drugs (Designation) Order 2001 ("MDDO 2001") and The Misuse of Drugs Regulations 2001 (S.I. 2001/3998) ("MDR 2001"). The Board will also seek to avoid any risk of breaching Money Laundering Legislation and will seek to ensure that any prospective future dividends will not contravene any laws, having particular regard to whether there may be any breach of POCA 2002.

Once the Board, led by Malcolm Burne, has completed due diligence on a prospective investment, it will opine on its findings in a comprehensive report. The Independent Non-Executive Director (as required by the NEX Rules) will in turn provide their comments and recommendations to the Board as to whether the Company should pursue the prospective investment.

The Company will endeavour to follow good corporate governance, in that it will continually monitor changes in activities of its investee companies, and especially those investee company shares that will be held long term. The Board will, in particular, assess the credibility of the investee company directors. There is a vast array of recently quoted and listed companies that fall within the Company's investment strategy targets. The Company will monitor and engage with investee companies. This will allow the Company to improve its understanding of investee companies and their governance structures. To this end, meeting with management of investee companies will take place regularly to review management process and best practices in, amongst other things, regulatory questions pertaining to the Investment Strategy. At a minimum, the Company would expect companies to comply with the accepted corporate governance standard in their domestic country.

In compliance with Rule 51 of the NEX Exchange Rules, if the Company (as an Investment Vehicle) has not substantially implemented its investing policy after the period of one year following Admission, it will seek Shareholder approval in respect of the subsequent year for the further pursuit of its investment strategy.

Pursuant to Rule 52 of the NEX Exchange Rules, the Company (as an Investment Vehicle), is required to substantially implement its investment strategy within a period of two years following Admission. In the event that the Company has not undertaken a transaction constituting a Reverse Takeover under Rule 57 of the NEX Exchange Rules, or if it has otherwise failed to substantially implement its investment strategy within such two-year period, NEX Exchange will suspend trading of the Company's Issued Share Capital in accordance with Rule 78 of the NEX Exchange Rules. If suspension occurs, the Directors will consider returning the Company's cash to Shareholders after deducting all related expenses. However, in the case of the Company, NEX considers the two years' period to have commenced on 20 December 2017, the date on which the Company became an AIM Rule 15 cash shell.

## **RISK FACTORS**

- 1. Risks relating to the investment in target companies whose main activities include Cannabis production and research and development thereof**

### **The Company and its shareholders may be at risk of committing offences under POCA 2002**

Even with the Company taking all precautions to ensure that it and the target companies in which it invests comply fully with all applicable regulations and legislation in relation to cannabis (both in the UK and in the relevant foreign jurisdiction applicable to a target company), there are no guarantees that the activities of the Company and a target company will always be deemed lawful if there are any changes in the applicable law.

The Company will take all precautions possible to ensure that it does not at any time contravene POCA 2002. Contravention of POCA 2002 carries potential criminal liability.

### **The Company's reputation may be damaged**

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include negative publicity, whether true or not. This may arise as a consequence of investing in companies that are involved in the production and the research and development of medicinal cannabis, cannabis being a Class B drug within the UK.

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the Company and its activities, along with those activities of certain target companies in which the Company invests.

Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, banking relationships etc. and thereby having a material adverse impact on the financial performance, financial conditions, cash flows and growth prospects of the Company.

### **The Company, or the Medicinal Cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer perception**

The Company believes that the medicinal cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of a target company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical purposes, including unexpected safety or efficacy concerns arising with respect to the products of a target company or its competitors.

There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for a target company's products and the business, results of operations and financial condition of a target company and therefore materially adversely affect the Company's return on investment.

Furthermore, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or a target company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have

such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

### **Cannabis plant may not be approved for medicinal use in all (or any) jurisdictions**

Medical regulatory authorities in many jurisdictions require carefully conducted studies (clinical trials) in hundreds to thousands of human subjects to determine the benefits and risks of a possible medication. In many jurisdictions, researchers have not conducted sufficient large-scale clinical trials that show that the benefits of the cannabis plant (as opposed to its cannabinoid ingredients) outweigh its risks in patients it's meant to treat.

## **2. Risks relating to regulatory matters**

### **Laws, regulations and guidelines may change in ways that the Company has not predicted**

The laws, regulations and guidelines applicable to the medicinal cannabis industry may change in ways currently unforeseen by the Company.

The Company's operations and investments into quoted or approved and properly licensed companies lawfully producing and/or conducting research into cannabis are subject to laws, regulations and guidelines. If there are any changes to such laws, regulations or guidelines, which are matters beyond the Company's control, the Company may incur significant costs in complying with or is unable to comply with such changes. This may have a material adverse effect on the Company's business, financial condition and results of operations.

### **Regulatory Compliance Risks and maintaining a bank account**

Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition, and, therefore, on the Company's prospective returns.

As a result of perceived reputational risk and regulatory risks, the Company, in the medicinal cannabis sector, may in the future have difficulty in maintaining its current bank accounts, establishing further bank accounts, or other business relationships.

### **Environmental Regulations and Risks**

The operations of some target companies will be subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the business, financial condition and operating results of a target company, and therefore have a material adverse effect on the Company's return on investment.

## **Changes to safety, health and environmental regulations could have a material effect on future operations of target companies**

Safety, health and environmental legislation will affect nearly all aspects of a target company's operations including product development, working conditions, waste disposal and emission controls. Compliance with safety, health and environmental legislation can require significant expenditures and failure to comply with such safety, health and environmental legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs resulting from contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from a target company's existing operations but from operations that have been closed or sold to third parties. A target company could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that a target company will at all times be in compliance with all safety, health and environmental regulations or that steps to achieve compliance would not materially adversely affect a target company's business, and therefore have a material adverse effect on the Company's return on investment.

Safety, health and environmental laws and regulations are evolving in all jurisdictions. The Company is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on a target company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of new and increasingly stringent safety, health and environmental regulation. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions on an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on a target company, and therefore have a material adverse effect on the Company's return on investment.

Terms defined in the Circular to Shareholders dated 24 May 2018, have the same meaning in this announcement.

For further information, please visit [www.gotechgroup-plc.com](http://www.gotechgroup-plc.com) or contact:

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