

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon publication of this announcement, this inside information is now considered to be in the public domain.

GoTech Group plc / Index: AIM / Epic: GOT.L / Sector: Software

20 December 2017

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

Board Changes, AIM Rule 15 Cash Shell and Issue of Equity

GoTech announces that Gail Ganney and Richard Thompson have resigned from the board and Marcus Yeoman has been appointed to the board as a non-executive director, all with immediate effect. In addition, the Company has today become an AIM Rule 15 cash shell and will seek to complete a suitable reverse takeover within the next six months. To enable the Company to explore new corporate opportunities and to provide additional working capital, the Company is also pleased to announce that it has raised £400,000 (before expenses) through a placing, conditional on the shares being admitted to trading on AIM.

Highlights:

- Placing to raise £400,000 (before expenses), conditional on the shares being admitted to trading on AIM
- Placing net proceeds to be used to explore corporate opportunities and for working capital purposes
- Appointment of Marcus Yeoman as a non-executive director

Board Changes

GoTech announces that Managing Director, Gail Ganney, has given notice of her resignation as a director with immediate effect to pursue other interests. She has, however, agreed to provide assistance as required in relation to the management of Sportsdata until 31 December 2018. She will not receive any remuneration in relation to this assistance but will be reimbursed for expenses that she incurs, provided that such expenses have been agreed in advance by the board of GoTech. In addition, Richard Thompson, non-executive director, has given notice of his resignation as a director with immediate effect to dedicate more time to other business interests.

As a result of the Placing (as defined below), Gail Ganney's and Richard Thompson's shareholdings of 19,849,354 shares and 21,041,763 shares respectively will not change but their percentage holdings will be diluted from 14.67 per cent. and 15.55 per cent. to 8.44 per cent and 8.94 per cent respectively.

The Board would like to take this opportunity to thank Gail Ganney and Richard Thompson for their contribution and wish them well in their future endeavours.

Further, GoTech is pleased to announce that Marcus Yeoman will re-join the board, having previously stepped down on 18 January 2017, and has been appointed as a non-executive director of the Company with immediate effect.

Marcus Yeoman (*Non-Executive Director*), is a non-executive director of reach4entertainment Enterprises plc and a previous non-executive director of GoTech. He is a non-executive director of a number of private companies which

have engaged him principally to assist them with their growth strategies. His early career started with the formation of three companies in IT infrastructure and distribution, after which he moved into small company broking and corporate work with Rathbone Stockbrokers Limited and Cheviot Capital (Nominees) Limited. In 2003, Marcus established Springtime Consultants Ltd and has been acting as a consultant or non-executive director to a number of listed companies and SME ventures.

Further details in relation to Marcus Yeoman are set out below.

AIM Rule 15 Cash Shell

The core focus of the business since admission to trading on AIM on 24 May 2016 has been, through the Company's 100 per cent. owned subsidiary Sportsdata Limited ("Sportsdata"), on Skills2Achieve ('S2A'), a digital, physical literacy assessment programme for the UK school market, which was developed with the Youth Sport Trust ('YST'), a leading charity for sports-driven and educational programmes. As announced in the Company's September 2016 final results and the March 2017 half-yearly results, sales of S2A have remained at a low level, resulting in a loss in both of those accounting periods.

Following a sales review which concluded that the Company's focus should be on its sponsorship programme, the Champions Programme, which enables philanthropic organisations, corporate sponsors (as part of their CSR activities) and High Net Worth Individuals ('HNWIs') to acquire packages of S2A licences for the benefit of clusters of primary schools of their choice, the business secured sales to the Saracens Sport Foundation, the charitable arm of Saracens F.C., Haileybury School and various HNWIs. However, further meaningful sales have not materialised and, accordingly, following Gail Ganney's departure the board has decided that no further speculative funding will be allocated to Sportsdata and S2A and no replacement executive appointment will be sought. The Group will, however, allocate such funds as may be required to ensure that Sportsdata complies with its obligations under the collaboration agreement with YST.

Accordingly, as a consequence of these actions, the Company will cease to conduct substantially all of its existing trading business and activities and it is therefore deemed under the AIM Rules for Companies that GoTech has become an AIM Rule 15 cash shell with effect from today.

As an AIM Rule 15 cash shell, the Company will be required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from this announcement or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's ordinary shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

The Board is keen to consider all possible opportunities, both organic and acquisitive, which may drive an increase in shareholder value.

Related Party Transaction

The work being undertaken by the board to identify and negotiate potential corporate opportunities will inevitably involve significant time and engagement from the Company's non-executive directors. In particular the Company expects to fully utilise the experience of Marcus Yeoman in this endeavour.

Accordingly, the Company is today entering into a consultancy agreement (the "Agreement") with Springtime Consultants Limited ("Springtime"), a company in which Marcus Yeoman is a director and shareholder, under which the Company has agreed to pay Springtime a fee of £1,000 per month, payable monthly in arrears. The consultancy services will include: (i) attempting to identify prospective suitable reverse takeover targets; (ii) assessing the best way to fund and structure any proposed transaction; and (iii) general corporate finance advice as requested by the board from time to time.

These services are above and beyond Mr Yeoman's role as a non-executive director of the Company, for which he will be paid a further £6,000 per annum.

The entering into the Agreement constitutes a related party transaction pursuant to rule 13 of the AIM Rules for Companies. Mike Caine and Rupert Horner, being the independent directors for the purpose of this transaction, having consulted with the Company's nominated adviser, Allenby Capital Limited, consider that the terms of the Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

Placing

The Company is pleased to announce that it has raised £400,000, before expenses, through a placing, conditional on the shares being admitted to trading on AIM (the "Placing") of 100,000,000 ordinary shares of 0.1 pence each in the capital of the Company (the "Placing Shares") at a price of 0.4 pence per Placing Share (the "Placing Price"), which represents a discount of 71 per cent. to the closing price of 1.38 pence per ordinary share on 19 December 2017 (being the latest practicable date before this announcement).

The Placing has been conducted within the Company's existing share authorities and is conditional, *inter alia*, on admission of the Placing Shares to trading on AIM. The Placing Shares will rank *pari passu* with the existing issued ordinary shares of 0.1 pence in the capital of the Company ("Ordinary Shares").

The Company intends to use the proceeds of the Placing to fund the exploration of corporate opportunities and for working capital generally.

Company's resultant cash position

As at 30 November 2017, the Company had unaudited cash and cash equivalents of £224,000. With no expected cashflow generation from the Sportsdata business but with a continuing limited commitment to its commercial obligations, the Company will have no operating cashflow and will be dependent on its cash resources and the net proceeds of the Placing for its working capital requirements.

The Company has taken the necessary steps to run the Group in a prudent way to preserve value for shareholders including reducing the cost base of the Group where appropriate. The Company expects its monthly outgoings as a cash shell to be approximately £17,000, not including any funds required to investigate possible acquisition or investment opportunities.

Admission and total voting rights

Application has been made to the London Stock Exchange for the 100,000,000 new Ordinary Shares issued pursuant to the Placing to be admitted to trading on AIM ("Admission"). It is expected that Admission will become effective on or around 3 January 2018.

Following the issue of the new Ordinary Shares, and for the purposes of the Disclosure Guidance and Transparency Rules, the Company's total issued share capital on Admission will consist of 235,304,535 Ordinary Shares.

The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company, under the Disclosure Guidance and Transparency Rules.

****ENDS****

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Regulatory disclosures

Under Schedule 2, paragraph (g) of the AIM Rules, the following information is disclosed:

Marcus Yeoman, aged 54, owns 809,106 Ordinary Shares, equivalent to 0.60 per cent. of the Company's issued share capital as at the date of this announcement, of which 800,000 Ordinary Shares are held through a Self-Invested Personal Pension via Hargreaves Lansdown and 9,106 Ordinary Shares are held in his own name.

Mr Yeoman is, or has been during the last five years, a director or partner of the following companies and/or partnerships:

Current directorships/partnerships

ALTFI Limited

Amigo Distributers Ltd

Dewynters Limited

Go Little Birdee Limited

Newman Displays Limited

One Line Films Limited

Peter Nicholson Films Limited

Reach4creative Limited

Reach4digital Limited

Past directorships/partnerships

1Spatial plc

CC123 Limited

Concha plc

Crumpet Cashmere Limited

Enables IT Group Limited

Frontier IP Group plc

GoTech Group plc

Guscio 2 Limited

Metal Pig Limited

R4e Limited

Milamber Ventures plc

Reach4entertainment Enterprises plc

RMR Design Associates Limited

Reach4entertainment Ltd

Reach4events Limited

Reach4sponsorship Limited

Reach4talent Limited

Springtime Consultants Limited

Storyboard Assets Plc

Windhorse Aerospace Limited

- A receiver was appointed to Powamatique Limited on 25 June 2009 while Mr Yeoman was acting as a director of the company
- Mr Yeoman was a director of Diamond Lifestyle Holdings plc at the time of its being wound up by voluntary creditors' liquidation on 22 July 2008
- Mr Yeoman was a director of Westgolf (UK) Limited until 30 November 2002. Westgolf (UK) Limited was placed into liquidation on 23 June 2003 with an estimated deficiency to creditors of £938,267

Mr Yeoman has confirmed that there is no additional information to be disclosed in accordance with Schedule 2, paragraph (g) of the AIM rules.