

DISCIPLINARY DECISION NOTICE

To: Pharma C Investments PLC (“Pharma C” or the “Company”)

Date: 10 August 2023

Aquis Stock Exchange Limited (“AQSE” or “the Exchange”) announces that Pharma C Investments PLC has been sanctioned and fined £30,000 by AQSE, for the reasons given in this Notice.

The fine is payable as follows:

- i. £15,000 to be invoiced immediately;
- ii. The balance of £15,000 (the “suspended fine”) will become immediately payable should the Company fail to comply with the Aquis Growth Market Rules at any point in the 12 months following the publication of this decision notice. This arrangement does not prejudice the Exchange’s right to undertake disciplinary action or to impose a fine in respect of the breach(es) that trigger the payment of the suspended fine.

The Exchange is publishing details of this censure for the purpose of educating the market on the expected standards of conduct for AQSE companies and to emphasise the importance of complying with the rules of the Exchange.

1. INTRODUCTION

- 1.1. The Company was admitted to AQSE in May 2021 and invests in the medical cannabis industry with a particular focus on companies that provide ancillary products and services to the medicinal cannabis sectors.
- 1.2. The relevant events which gave rise to the public censure relate to:
 - On 30th of June 2022 the Company announced that it had “*raised £200,000 before expenses by way of a subscription*” and that the shares were due to be admitted to AQSE “on or around 8 July 2022”.
 - The funds were not received by the due date. The Company failed to update the market on this, or on its ongoing attempts to secure the funding, until 18 November 2022. As such, investors had a false impression of the Company’s financial position from the beginning of July until mid-November 2022.
 - The Company failed to update the market in a timely manner and was unable to provide any documentation (such as emails or board minutes) to support its representations to AQSE in response to the Exchange’s enquiries.

- Also, on 30 June 2022 the Company published its Annual Financial Report for the year ending 31 December 2021. The Company did not convene an AGM until 20 December 2022, which was outside the timeframe set out in the Companies Act 2006 (the **Companies Act**). The Company failed to publish its interim accounts when due on 30 September 2022 whilst it attempted to secure funding, such that investors did not have access to the most recent financial information about the Company.
- The Company failed to act with integrity towards its shareholders and potential shareholders and, in doing so, impaired the reputation and integrity of the Exchange.

1.3. These circumstances resulted in breaches of the AQSE Rules for Issuers.

2. TIMELINE OF EVENTS

Date	Event
30 June 2022	Pharma C publishes its annual results for the 12 months to 31 December 2021.
30 June 2022	Pharma C enters into a subscription agreement with an investor for the sum of £100,000 with payment due on 15 July 2022 and with a second investor for the sum of £100,000 with payment due on 15 July 2022.
30 June 2022	Pharma C announces that it has raised £200,000 before expenses by way of a subscription and that the subscription shares are due to be admitted to market “ <i>on or around 8 July 2022</i> ”.
15 July 2022	Subscribers fail to deliver the funds due in accordance with the subscription agreement.
September 2022	The Company begins to seek funding from alternative sources.
30 Sept 2022	The Company’s shares are suspended for failure to publish interim accounts in accordance with the timeframe set out in the AQSE Rulebook.
18 November 2022	The Company announces its interim results and, in the same announcement, advises: <ul style="list-style-type: none"> (i) that the subscription funds have not been received; and (ii) that its AGM will take place on 16 December 2022.

24 November 2022	In a correcting announcement, the Company gives notice of its AGM to be held on 20 December 2022.
20 December 2022	The AGM takes place.

3. APPLICABLE RULES:

- 3.1. Provision of the AQSE Growth Market Rules Access Rulebook replied upon:

AQSE Rule 4.1: Market Abuse Regulation

An issuer must comply with:

(1) the Market Abuse Regulation, as applied to an issuer of securities admitted to an SME Growth Market....

AQSE Rule 3.3: Procedures, Systems and Controls

An issuer must take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations under these rules and to ensure that its directors understand their responsibilities and obligations as directors.

AQSE Rule 3.5: Integrity

An issuer must act with integrity towards the holders and potential holders of its securities and avoid impairing the reputation and integrity of the Exchange.

- 3.2. In respect Rule 4.1 of AQSE Rulebook, the following articles of the Market Abuse Regulation are considered relevant:

Article 17 (1)

An issuer shall inform the public as soon as possible of inside information which directly concerns that issuer.

The issuer shall ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public...

4. NATURE AND EFFECT OF BREACHES

- 4.1. As a consequence of the Company's failure to correct its announcement of 30 June 2022, the market had a misleading impression of the Company's financial position. Investors believed that the Company had received funding of £200,000 when this was not the case.
- 4.2. As a consequence of the Company's delaying publication of its interim accounts while it attempted to secure additional funding, investors did not have access to the most recent financial information and had an incomplete view of the Company's financial position.
- 4.3. In failing to keep investors up to date regarding the subscription and subsequent attempts to secure alternative funding, and in failing to release its interim accounts within the required timeframe, the Company would appear not to have complied with Article 17 (1) of Market Abuse Regulation (and thus AQSE Rule 4.1) by failing to disclose information which would be relevant to an investor's decision about the Company.
- 4.4. Rule 3.3 of the AQSE Rulebook requires Pharma C to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations under the AQSE Rulebook.
- 4.5. In responding to AQSE's request for evidence to support the responses provided in its letters dated 12 December 2022 and 3 April 2023, the Company was able to provide only a screenshot of a WhatsApp thread. It was unable to provide any further evidence, such as meeting notes or email correspondence that would support adequate systems and controls in the management of the Company. The inability to provide any formal notes or correspondence as supporting evidence appears to represent a failure to maintain proper records.
- 4.6. Additionally, the Company has acknowledged that it failed to convene an AGM within the timeframe prescribed in the Companies Act, and that "*planning for the AGM was put on hold while all efforts were focused on securing investment*".
- 4.7. Together these findings suggest a failure of fundamental procedures, systems and controls in the governance of the Company in breach of AQSE Rule 3.3.
- 4.8. Rule 3.5 of the AQSE Rulebook requires the Company to act with integrity towards the holders and potential holders of its securities and to avoid impairing the reputation and integrity of the Exchange. The Company failed to act with integrity towards investors in its delay in updating the market of the failure of the subscription to complete, despite receiving advice from its Corporate Adviser that it should so. Investors had a false impression of the true cash

position of the Company. These failings impact on the reputation and integrity of the AQSE Growth Market.

Any questions regarding this Notice should be addressed to: aqsereregulation@quis.eu

AQSE Regulation