

Regulatory Story



[Spinnaker Opportunities PLC](#) - SOP - Update on Proposed Medicinal Cannabis RTO
Released 11:30 02-Dec-2019



RNS Number : 3348V
Spinnaker Opportunities PLC
02 December 2019

2 December 2019

Spinnaker Opportunities plc

("Spinnaker" or the "Company")

Update on Proposed Medicinal Cannabis RTO

Further to the announcement on 26 February 2019, regarding the proposed reverse take-over of medicinal cannabis company, Kanabo Research Ltd ("Kanabo") (the "RTO" or the "Proposed Acquisition"), Spinnaker is pleased to confirm that it has conditionally agreed to acquire the entire issued share capital of Kanabo.

Signature of the associated Share Purchase Agreement ("SPA") follows the provisional approval granted by the competent Israeli authority responsible for the regulation of cannabis-related businesses for the Proposed Acquisition by Spinnaker and the proposed continuation of Andy Morrison as a director of the enlarged group.

As a further sign of confidence, Spinnaker and Kanabo have entered into a Loan Facility Agreement under which Spinnaker has agreed to advance £200,000 to Kanabo in order to provide additional working capital to support sales growth.

The Share Purchase Agreement

Spinnaker has conditionally agreed to acquire the entire issued share capital of Kanabo. The acquisition of Kanabo will be satisfied by the issue and allotment of new ordinary shares in the capital of the Company (the "Consideration Shares"), such Consideration Shares to be issued at an agreed placing price, and within certain agreed target valuation parameters. The placing price will be determined following the completion of fundraising activities being undertaken by the Company's brokers in connection with the RTO.

Whilst the terms of the Proposed Acquisition have been agreed, the acquisition remains subject to the satisfaction of certain conditions, including inter alia:

- The transaction will constitute a reverse takeover under the Listing Rules and will be subject to approval by shareholders of the Company at a general meeting
- The Company having obtained a waiver from the Takeover Panel under Rule 9 of the Takeover Code
- The successful completion of fundraising activities to be undertaken by way of a placing and direct subscriptions by new and existing investors
- Re-listing of the enlarged group on the London Stock Exchange

Accordingly, there is no certainty that the transaction will proceed.

The Loan Facility Agreement

In order to provide additional working capital to support sales growth, Spinnaker has agreed to advance £100,000 to Kanabo as a loan secured against the intellectual property and other assets of Kanabo. The term of the loan is for a maximum of 18 months from date of advance, with an interest rate of 6.0% per annum until 30 April 2020, rising to 10.0% thereafter.

A second advance of £100,000 will be made on the same terms on or after 20 December 2019 in accordance with the satisfaction of certain conditions at the time.

Since the loan advances come from internal Spinnaker funds, the interest terms and security arrangements would fall away upon completion of the RTO.

The full terms of the Proposed Acquisition are expected to be set out in a prospectus which will be published in due course.

Andy Morrison, Chairman of Spinnaker, said:

"We are delighted to reach the important milestone of execution of the SPA and therefore pleased to support Kanabo to build sales. The additional funding will assist the enlarged group and allow them to hit the ground running after completion."

Avihu Tamir, Founder and CEO of Kanabo Research Limited, commented:

"We are very pleased to have reached this milestone and are delighted to see the pieces starting to come together. The opportunities facing the combined company are exciting. We look forward to publishing a prospectus and completing the transaction soon after. We will keep our shareholders updated with our progress."

For further information, please visit <http://www.spinnakeropportunities.uk/> or contact the following:

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Notes to Editors

Kanabo is an Israel based company, that believes that by creating a holistic ecosystem that works together in synergy, it can create a new standard in the medical Cannabis industry and improve the well-being of millions around the world. Kanabo focuses on the distribution of Cannabis-derived products for medical patients, and THC-free CBD products for consumers. Kanabo has conducted extensive R&D in order to develop high-quality Cannabis extract formulas, innovative medical-grade vaporizers, and various non-smoking consumption solutions - making it easy and accessible for anyone in need of treatment. Clinical and validation activities, including safety and efficiency tests, are conducted in the company's research centre in Israel - an established leader in the Cannabis industry.

Kanabo is currently undertaking a pilot sales scheme to measure key performance indicators in relation to the sale of its non-THC products. It is ready to scale up to meet market demands and projected sales and revenues and to grow the Kanabo brand through its marketing initiatives.

Kanabo's future long-term strategy involves continued research and development activities to develop a range of Unlicensed Medical Cannabis Oils, which will be sold alongside its vaporisation device, the VapePod Medical. It is intended that medicinal products will be sold as unlicensed medicines in the UK and Germany.

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