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TRUFIN PLC

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Dated 13 February 2018.

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This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued Ordinary Share capital of the Company to trading on AIM. This document does not contain an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of FSMA and is not required to be issued as a prospectus pursuant to section 85 of FSMA, but comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies. Accordingly, this document has not been pre-approved by or filed with the FCA or any other competent authority. However, this document does constitute a prospectus for the purposes of the Companies (Jersey) Law 1991 and the Companies (General Provisions) (Jersey) Order 2002.

Application has been made for all of the issued and to be issued Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on 21 February 2018. No application has been, or is currently intended to be, made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 7 of this document, and the Company, accept responsibility, collectively and individually, in accordance with the AIM Rules for Companies, for the information contained in this document. The Directors and the Company, who have taken all reasonable care to ensure that such is the case, declare that the information contained in this document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part 2 of this document. The price of the Ordinary Shares and the income from them (if any) can go down as well as up.

TRUFIN PLC

(Incorporated and registered in Jersey with registered no. 125245)

PLACING OF 36,765,791 PLACING SHARES OF NO PAR VALUE EACH AT A PRICE OF 190 PENCE PER PLACING SHARE, SUBSCRIPTION FOR 76,315 SUBSCRIPTION SHARES OF NO PAR VALUE EACH AT A PRICE OF 190 PENCE PER SUBSCRIPTION SHARE

AND

ADMISSION TO TRADING ON AIM

Nominated Adviser, Sole Global Co-ordinator and Bookrunner

Macquarie Capital (Europe) Limited

Expected share capital of the Company immediately following Admission

	Issued and fully paid *Number*
Ordinary Shares of no par value	97,368,421

The Capital Raising Shares and the EBT Shares will, on issue, rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission and will otherwise rank pari passu in all respects with the existing Ordinary Shares in issue.

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A copy of this document is available at the Company's website www.trufin.co.uk. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

Dated: 13 February 2018

IMPORTANT INFORMATION

Cautionary Note Regarding Forward-Looking Statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “aims”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Company’s markets.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations, growth strategy and liquidity. While the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part 2 of this document that could cause actual results to differ before making an investment decision. These forward-looking statements speak only as of the date of this document. Save as required by the AIM Rules for Companies, the Market Abuse Regulation or applicable law, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

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No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the Capital Raising. This document does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the Ordinary Shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Ordinary Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Ordinary Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the Capital Raising, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the Capital Raising is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring Ordinary Shares must observe such Australian on-sale restrictions.

This document contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this document is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Presentation of Financial Information

The financial information contained on pages 54 to 96 in this document, including financial information presented in a number of tables, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row.

Market, Economic and Industry Data

This document contains information regarding the Group's businesses, Zopa and the industries in which they operate and compete, which the Company has obtained from various third party sources. Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has obtained the third party data in this document from industry studies, forecasts, reports, surveys and other publications.

No Incorporation of Website

The contents of the Company's website (or any other website) do not form part of this document.

References to Defined Terms and Interpretation

Certain terms used in this document are defined and explained in the sections of this document under the headings "Definitions" and "Glossary".

In this document, references to "pounds sterling", "£", "penny", "pence" and "p" are to the lawful currency of the United Kingdom.

All times referred to in this document are, unless otherwise stated, references to London time.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon Henry Kenner (*Executive Chairman and Chief Executive Officer*) James van den Bergh (*Deputy Chief Executive Officer*) Raxita Kapashi (*Chief Financial Officer*) Steve Baldwin (*Senior Independent Non-Executive Director*) Penny Judd (*Independent Non-Executive Director*) Peter Whiting (*Independent Non-Executive Director*) Paul Dentskevich (*Independent Non-Executive Director*)
Company Secretary	Ocorian Secretaries (Jersey) Limited 26 New Street St. Helier Jersey JE2 3RA
Registered Office	26 New Street St. Helier Jersey JE2 3RA
Nominated Adviser, Sole Global Co-ordinator and Bookrunner to the Company	Macquarie Capital (Europe) Limited Ropemaker Place 28 Ropemaker Street London EC2Y 9HD
Solicitors to the Company – UK law	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Solicitors to the Company – Jersey law	Ogier 44 Esplanade St Helier Jersey JE4 9WG
Solicitors to the Company as to share incentives – UK law	Eversheds Sutherland (International) LLP 1 Wood Street London EC2V 7WS
Reporting Accountants and Auditors	Deloitte LLP 2 New Street Square London EC4A 3BZ
Solicitors to the Nominated Adviser, Sole Global Co-ordinator and Bookrunner – UK law	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Registrars	Equiniti (Jersey) Limited 26 New Street St Helier Jersey JE2 3RA
Financial PR	Blue Pool Communications Limited 40b Gunter Grove London SW10 0UJ
Principal Bankers	Barclays Bank PLC Level 11 1 Churchill Place London E14 5HP

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	13 February 2018
Admission and expected commencement of dealings in the Enlarged Ordinary Share Capital	21 February 2018
CREST accounts credited, where applicable	21 February 2018
Despatch of definitive share certificates, where applicable	by 28 February 2018

Each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Macquarie. If any of the above dates change, the revised date will be notified by an announcement on a regulatory news service. All times are London times unless otherwise stated.

CAPITAL RAISING STATISTICS

Capital Raising Price per Capital Raising Share	190p
Number of Placing Shares	36,765,791
Number of Subscription Shares	76,315
Number of Capital Raising Shares	36,842,106
Percentage of Enlarged Ordinary Share Capital being issued pursuant to the Capital Raising	37.8%
Gross proceeds of the Capital Raising	£70.0 million
Estimated net proceeds of the Capital Raising receivable by the Company	£66.0 million
Number of EBT Shares	3,407,895
Percentage of Enlarged Ordinary Share Capital being issued as EBT Shares	3.5%
ISIN number	JE00BYVWJZ03
SEDOL number	BYVWJZ0
AIM “ticker”	TRU LN

PART 1

INFORMATION ON THE GROUP

1. Introduction

TruFin is the holding company of an operating group comprising three growth-focused FinTech and banking businesses operating in three niche finance markets – supply chain finance, invoice finance and dynamic discounting. The Group currently has 100 employees, and offices in London, Birmingham and Sutton. In addition, TruFin owns a minority stake in Zopa, a leading UK consumer P2P lender, which operates independently of the Group.

The Directors believe that each of the existing Group businesses is set to scale, having had significant investment already in product, people and routes to market. The IPO is an important step in enabling TruFin to secure the funding and capital to support the balance sheet growth of its businesses in the future. In addition, TruFin is focused on ensuring that each business has robust operational (and, where appropriate, credit) risk processes, exploiting operational synergies between Group companies, and identifying and leading potential bolt-on M&A and strategic opportunities.

The Group currently operates under three separate businesses, each of which has a seasoned operational management team: DFC (supply chain finance), Satago (invoice finance) and Oxygen Finance (dynamic discounting). The Directors believe that each of these businesses operate in attractive markets. Whilst the addressable markets for supply chain finance and invoice finance may appear much smaller in scale relative to mainstream banking products such as mortgages, this also makes them more attractive for niche lenders such as DFC and Satago. In addition, the appropriate assessment of risk can be difficult to assess effectively in these markets using conventional means such as simple automated credit scoring. Oxygen Finance is focused on expanding its client base in the UK public sector, where the Directors believe that customer relationships, once entered into, are long-term and therefore future revenues are visible and secure, whilst also developing its private sector offering.

Following the IPO:

- DFC will continue to build its book of distribution finance assets via its established client relationships and continue to pursue a banking licence;
- Satago will target origination of high yielding assets through its partnership approach, whilst successfully managing risk via a superior understanding of the credit risk of prospective counterparties; and
- Oxygen Finance will continue to build new client and supplier relationships which, given the operational gearing in the business, are expected to lead in turn to improved profitability.

As at 31 December 2017, TruFin had extended a £25 million mezzanine debt facility to DFC and a £20 million debt facility to Satago. The Directors believe that these pre-IPO balance sheet resources, when taken together with the IPO proceeds of £70 million (less IPO costs) and external funding from Citibank, N.A. as further described below, are sufficient to fund the asset growth ambitions of DFC and Satago in the short term. In the medium term and subject to DFC obtaining a banking licence, DFC's funding will be sourced externally from retail deposits alongside regulatory capital, thus underpinning DFC's growth in Risk Weighted Assets (RWA's).

The Directors are focused on optimising capital deployment for Shareholder value creation and believe that in the medium to long term this may result in disposals of the Group's interest in Zopa and other subsidiaries and redeployment of the sale proceeds as regulatory capital to underpin further loan book growth in DFC in particular.

2. Background to the IPO and history of the Group

Prior to 29 December 2017, TruFin's businesses were owned by Arrowgrass, an independent alternative investment management firm with offices in London and New York. Arrowgrass has a global mandate with a European focus. At the date of this document, Arrowgrass manages c.US$6 billion across different investment portfolios. On 29 November 2017, Arrowgrass incorporated TruFin as a wholly-owned subsidiary and, on 29 December 2017, Arrowgrass transferred its FinTech and banking assets to a subsidiary of TruFin.

Looking for yield assets in 2013, Arrowgrass became interested in P2P lending platforms, which it recognised were reliable originators of high-yielding assets. This led to the formation of the alternative finance team led by James van den Bergh and their first investment, Zopa. Henry Kenner, Co-Founder and CEO of Arrowgrass joined the team in 2015 as alternative finance and niche lending became more of a focus for Arrowgrass and, since then, has led it with James van den Bergh.

Arrowgrass first invested in Zopa in January 2014 and since then Zopa has grown to become a leading UK consumer P2P lender. At the time, Zopa required both working capital and lending capital. Arrowgrass was the first institutional lender on the Zopa platform and paved the way for more institutional lenders to come on to the platform as investors. The Directors believe that Arrowgrass' involvement has been instrumental in Zopa's successful development and, in particular, Zopa's decision to pursue a banking licence. TruFin owns approximately 15% of Zopa, following investment by Arrowgrass of £17 million of equity from first investment to 30 June 2017.

In February 2016, Arrowgrass added Oxygen Finance to its portfolio. Oxygen Finance is a niche technology and professional services platform enabling the public and private sector to make early payments to their suppliers. The majority of the current client base is in the UK public sector with a small, but growing, number of clients in the private sector and in the USA. TruFin owns 100% of Oxygen Finance, following investment by Arrowgrass of £12 million in working capital and £2 million to acquire existing debt from initial investment to 30 June 2017.

Arrowgrass funded the incorporation of DFC in May 2016 and DFC commenced lending in March 2017. DFC provides working capital finance to dealers of manufactured goods. DFC is progressing with a banking licence application. Currently, TruFin owns 80% of DFC (with the remaining 20% owned directly by, or on behalf of, DFC management). As at 30 June 2017, Arrowgrass had invested £6.8 million via a combination of equity and preference shares into DFC and extended a £10 million mezzanine debt facility to fund its loan book. The mezzanine debt facility, which is now provided by TruFin, was subsequently extended by a further £15 million, taking the overall mezzanine debt facility to £25 million.

In February 2017, Arrowgrass acquired Satago, an SME cash flow management platform. TruFin owns 100% of Satago, with Arrowgrass having invested £2 million of equity into Satago FS in total from initial investment to 30 June 2017. As at 31 December 2017, TruFin had extended a £20 million debt facility to Satago to fund loan book growth.

In connection with the IPO, Henry Kenner, James van den Bergh and certain other members of the management team left Arrowgrass to become employees of TruFin. Arrowgrass believes that further investment in TruFin's portfolio of FinTech and banking assets will allow it to scale much faster. Given internal limits on how much Arrowgrass can invest in private equity assets from time to time, it believes that an IPO is the best way to provide further capital for the Group's next stage of development, enabling TruFin to inject capital into DFC and Zopa and further enhance the Group's public profile. Arrowgrass continues to believe in the attractiveness of the investment opportunity and therefore will not be selling any of its existing shares in TruFin in the IPO, but instead will be subscribing for 14,010,324 Capital Raising Shares in the Capital Raising giving it an approximately 73.1% holding in the Company on Admission.

3. DFC

(a) *Introduction & history*

DFC is a short-term lender, focusing on financing supply chains in the UK. DFC provides a range of working capital products to facilitate the sales cycle for distribution businesses. DFC currently

focuses on financing products in four sectors: (i) motor vehicles (typically mopeds, scooters and motorcycles, but not cars, vans or goods vehicles); (ii) recreational vehicles and caravans; (iii) marine (typically smaller marine craft); and (iv) industrial equipment. It currently provides financing for dealers in respect of products supplied by manufacturers. Such dealer clients are typically SMEs. As at 31 December 2017, DFC had signed up 26 manufacturers and 246 dealers onto its programmes of which 168 dealers had received finance. Over time DFC plans to extend financing to other parts of the supply chain such as distributors and consumers.

DFC was founded by Arrowgrass with key members of the former GE Commercial Distribution Finance ("GE CDF") European management team. TruFin owns 80% of DFC and the DFC management team owns 20% of DFC, although this is likely to decrease over time as TruFin injects equity capital into DFC to support its growing balance sheet. The CEO of DFC was formerly Business Leader of GE CDF Europe, Head of Risk at Aldermore Bank and CEO of OakNorth Bank. In connection with its application for a banking licence, DFC has established an independent board of directors, further details of which are set out in paragraph 14 of Part 1. The business launched in September 2016, commenced lending in March 2017 and currently has 23 full-time employees.

DFC currently has a range of funding sources. As at 31 December 2017, TruFin had extended a £25 million mezzanine facility to DFC. Further, DFC signed an initial £40 million committed facility with Citibank, N.A., London Branch. Based on discussions held at the time the facility was entered into, the Directors believe that DFC should be able to extend the facility to £100 million in total. The Directors believe that these financing arrangements, together with a portion of TruFin's IPO proceeds, will fund DFC's loan book growth for the next twelve months.

As at 31 December 2017, DFC management estimate that the addressable market size of the manufacturers with which DFC already has agreements in place is c.£240 million, of which DFC has extended credits lines of c.£80 million. Of these available credit lines, DFC's customers have drawn down c.£30 million. Accordingly, the Directors consider that the practical constraint on asset origination by DFC in the short term will be available funding rather than asset availability. The Directors believe that DFC's ability to fund asset growth will be significantly enhanced by a successful application for a banking licence. The banking licence application process is under way and the Directors' current working assumption is that, if successful, DFC will receive its bank licence by 1 January 2019.

The Directors believe that DFC runs a low risk, well diversified portfolio. DFC manages its credit risk in different ways:

- First, DFC builds its own credit score for counterparties using different sources, but including third party credit ratings such as Commercial Delphi Scores – a scoring system measured by Experian which ranges from 1 (highest risk) to 100 (lowest risk). As at 31 December 2017, the average Delphi Score of DFC's counterparties was 64.8, a score described as "Below average risk" by Experian.

- Second (on the "pay as sold model"), DFC takes effective ownership of the asset at a discount to retail price. Therefore, the effective LTV reflects a significant discount to the price that DFC may be able to achieve in a recovery situation.

- Third, DFC has a large number of different counterparties and monitors its exposure to each counterparty to minimise the impact should that counterparty fail. The average exposure to any one counterparty at 31 December 2017 was c.£190,000, whilst the average exposure to any one asset at the same date was c.£13,000.

- Finally, DFC targets assets that turn rapidly compared to many other banking assets. On average, in the year ended 31 December 2017, debt turn was 106 days.

As at 31 December 2017, there had not been any defaults on DFC's portfolio.

(b) ***DFC's market and opportunity***

DFC is currently focused on the UK market, with an intention to expand its product range further through the supply chain as the business scales. The Directors believe there is significant opportunity for a new entrant caused by market dislocation as a result of local and international banks retrenching. In the longer term, the Directors also believe that, subject to local regulation, its product range can be offered throughout Northern Europe in line with the pan-European nature of its manufacturers.

Should DFC be successful in its application for a banking licence, it plans to offer a wider range of secured working capital products and asset finance. The Directors believe that DFC has a clearly differentiated product set and market position compared to other existing players.

DFC's distribution is realised by signing up manufacturers, with each manufacturer bringing on multiple dealers. Whilst DFC operates in niche sectors, the overall scale of the distribution finance market is substantial – with DFC management estimating that there are c.£50 billion in distribution finance originations in the UK and the Directors believe there is an even larger opportunity in continental Europe.

GE CDF, part of GE Capital, was historically the dominant player in the market, however Wells Fargo acquired this business in 2015. The Directors believe that Wells Fargo subsequently decided to refocus this business on to specific international clients and industry segments. At the same time, local banks in the UK and European markets pulled back from the market due to capital restraints resulting from the global financial crisis in 2008.

Market players include UK banks such as Lloyds Bank (Black Horse), RBS (Lombard), Shawbrook, Aldermore and Close Brothers. There are also a number of international providers such as Wells Fargo, BNP Paribas, Rabobank and IBM. In addition, there are some specialty lenders who focus on specific products, such as leasing and/or invoice finance. These include Macquarie Group and Bibby. The Directors believe that whilst there are a number of competitors in the market, the overall market opportunity is substantial, and that the strength of DFC's customer relationships, specialised industry knowledge, and width of product range will allow it to originate high yielding assets. In the year to 31 December 2017, assets yielded 10.3% on average.

(c) ***DFC's product offering***

DFC is positioned as a specialist business lender, focused on providing working capital to manufacturers and SMEs to support their growth. DFC currently focuses on the Pay as Sold products, but should DFC be successful in its banking licence application, it intends to offer other products to its clients such as Extended Payment products, short term working capital, invoice finance and leasing.

Products, client types and market sizes

DFC has a prospective pipeline with verified leads of over 900 dealers and distributors. As at 31 December 2017, the manufacturers that DFC had already signed provided access to 246 of these dealer and distributor prospects. DFC management estimate that dealers related to the 26 manufacturers it has already signed equate to c.£240 million of potential assets. Manufacturer relationships include:

Inventory Finance – Pay as Sold

- "**Pay as Sold**" is where DFC acquires the finished product on behalf of the dealer, who pays DFC for the product at wholesale price once the product is sold to a consumer. In addition, the dealer pays interest on the cost of the product until the point at which a sale is made.
- **Core markets**: Leisure (Recreational Vehicles, Marine, Motorcycles, Music, Bicycles), Commercial (Agriculture, Industrial, Outdoor Power) and Transport (Auto, HGV, LCV, Buses).
- **Security**: "Hard Assets"; security is in the individual underlying assets through either physical ownership or title transfer by assignment of invoices.
- **Expected term**: Up to 720 days maximum. Average product turn 106 days.
- **Target size**: Individual resellers from £25,000 to £10 million.
- **Target yield**: 6-14% per annum.
- **Market size**: The Directors estimate the total UK market size to be c.£31 billion (excluding Tech/Electronics and Appliances) across new/used product with more than 8,000 buyers, split between (i) Leisure c.£3 billion (Recreational Vehicles, Marine, Motorcycles, Music, Bicycles); (ii) Commercial c.£7 billion (Agriculture, Industrial, Outdoor Power); and (iii) Transport c.£21 billion (Auto, HGV, LCV, Buses).
- The Directors believe that DFC is well positioned in this market as it has strong existing relationships and knowledge in its target industry segments, fast credit turnaround and, over time, the ability to offer finance to other parts of the supply chain.

DFC's future strategy includes selling a wide range of products including:

Inventory Finance – Extended Payments

- "**Extended Payments**" is a supply chain finance solution for lower value goods (such as computer screens, fridges, laptops) where individual assets cannot be financed on an asset-by-asset basis. This product allows an RCF-like facility, which is earmarked for the class of asset, with the RCF being paid down and drawn down as the assets are bought and sold, to accommodate faster moving and lower value assets.
- **Core markets**: Technology Products, Consumer Electronics and White Goods.
- **Security**: "Soft" Assets; security in underlying invoices – often supported by credit insurance.
- **Expected term**: Up to 180 days maximum.
- **Target size**: Individual resellers from £500,000 to £25 million.
- **Target yield**: 4-9% per annum.
- **Market size**: The Directors estimate the total market size to be c.£17 billion across vendors to distributors (c.400 major sellers) and from distributors to c.6,000 resellers.

Working Capital

- **Working Capital Facilities**: In future DFC may offer clients in its target industries short term working capital facilities. This product is an unsecured, revolving credit facility to support cash flow requirements/business growth investment for up to a one year maximum term.
- **Target size**: From £25,000 to £250,000.
- **Target yield**: 12-18% per annum.

- Specific sector niches may be developed over time (for more granular risk modelling and marketing purposes), but the product is a "bolt on" for core DFC customers using other DFC financing products.

- In addition, DFC may seek to offer larger "whole book" working capital facilities for manufacturers covering their entire reseller base – these facilities would generally be larger in scale (£5 million to £25 million), targeting annual yields of 5-12% with a product term of over 110 days, supported by assignment of debt, and supporting credit insurance.

Invoice Finance

- DFC's invoice discounting product will focus on SMEs seeking to fund up to £1 million and DFC will focus on cross-selling this product to existing DFC customers.

- The Directors believe that there remains considerable scope for growth in the UK market for this product type and that in the UK there are approximately 40,000 companies using invoice finance with balances of c.£19 billion.

Asset Backed Leasing

- Target clients would be SMEs/Mid-Caps within DFC's target industries, with turnover usually in excess of £10 million.

- The Directors believe that this product particularly suits manufacturers with large WIP stock/invoices, and that there is a relatively limited number of current providers.

- Assessing the value of the collateral is a highly skilled job, and the Directors believe that DFC has some of the most skilled originators in its chosen industry sectors.

Commercial Leasing

- The Finance and Leasing Association (FLA) represents around 90% of asset finance providers in the UK. In 2016, their members provided £30 billion of asset finance to businesses and the public sector.

- DFC may offer a balance sheet (contract hire/operating lease/hire purchase) solution for customers wishing to acquire assets in its core markets.

- **Security**: Hard Assets; security in the individual underlying assets, and/or associated rights.

- **Expected term**: Up to 10 years for contract hire and operating leases, 3-4 years for Hire Purchase.

- **Target size**: Individual assets from £10,000 to £5 million (contract hire/operating leases), £10,000 to £5 million for Hire Purchase.

- **Target yield**: 5-9% per annum.

Consumer leasing

- Finance and Leasing Association (FLA) members provided £88 billion of leasing products to consumers in 2016.

- DFC may offer two types of consumer leasing product in its core markets – PCH (Personal Contract Hire) and PLP (Personal Lease Plan).

- PCH is where the consumer wishes to hire an asset for a period of time, PLP is where the consumer wishes to own the asset.

- **Security**: Hard Assets; security in the individual underlying assets, and/or associated rights.

- **Expected term**: Up to 10 years for PCH, 3-4 years for PLP.

- **Target size**: Individual assets from £1,000 to £1,000,000.
- **Target yield**: 8-14%.

Finished Goods

- **Description**: Financing of goods held by a manufacturer after production or parts flowing into their production process.
- **Used for**: Core markets.
- **Security**: Hard Assets; security in underlying goods financed.
- **Expected term**: Revolving borrowing base repayable weekly.
- **Target size**: Above £2 million.
- **Target yield**: 5-12%.

(d) ***DFC future objectives and targets***

DFC is applying for a bank licence in order to quickly scale its balance sheet and provide a wider range of defined products across the SME and consumer lending environment. The Directors' current working assumption is that, if successful, DFC will receive its bank licence by 1 January 2019.

The financial performance and market share targets below are illustrative of the business plan that has been presented to the PRA/FCA as part of DFC's banking licence application – therefore "Year 5" and "Year 3" reflect the number of years after receipt of the banking licence.

The business plan is dependent on future equity in order to capitalise the balance sheet to accommodate for loan book growth. This equity will include c.£35 million from the proceeds of the IPO.

Year 5 Metrics	*Market Size (asset book)*	*Targeted Share*
Distribution Finance	£15 billion	4 – 5%
Invoice Finance	£19 billion	1%
Leasing	£120 billion	0.3 – 0.5%

Targeted Business Performance	*Year 3*	*Year 5*
Return on Equity	~20%	~25%
Cost : Income Ratio	40 – 50%	30 – 35%
Net Interest Margin (incl. fees)	7.0 – 8.0%	7.5 – 8.0%
Full Time Employees	100	150
Leverage Ratio	6:1	7:1
Cost of Funds	LIBOR + 275bps	LIBOR + 300bps
Bad Debt (Cost of Risk)	70bps	80bps

If DFC achieves a bank licence it intends to offer the following customer deposit products:

Retail Deposits

- In an increasingly commoditised market, DFC aims to offer a clear and transparent range of simple products that meet retail deposit customer needs.
- Products offered will be primarily fixed term and notice accounts which offer stable liquidity with relatively low operational impact.
- Fixed Rate Deposits and Notice Accounts will be available at launch of the bank, followed subsequently by easy access accounts.

SME Deposits

- An SME Deposits product range diversifies DFC's funding plan and forms an important part of DFC's broader SME proposition.
- Focus will be on fixed term and notice accounts – shorter terms for Fixed Rate Deposits in line with market.
- Products to be developed in Year 1 following bank approval with launch in Year 2.

The Directors are confident that DFC will be awarded a banking licence by 1 January 2019. If DFC is not awarded a banking licence within this timescale, the Directors believe that DFC could explore funding its loan book using a securitisation programme. By way of example, Premium Credit Limited ("PCL"), a niche lender in the UK, funds its loan assets, which are short term, high yield and have low impairments, through a securitisation programme. In PCL's securitisation in November 2017, PCL retained the most junior tranche of issued notes at securitisation, amounting to 5% of the overall value of the securitisation. The most senior tranche of this securitisation was priced at one month sterling LIBOR + 65 basis points.

4. Oxygen Finance

(a) ***Introduction & history***

Oxygen Finance is the UK's leading early payment solution provider to the public sector. Oxygen Finance's solution also has a wider application to corporates. Oxygen Finance enables its clients, large buyers, to generate value through paying suppliers ahead of contracted terms. Oxygen Finance's software and processes allow the client to systematically pay their suppliers ahead of contract term in exchange for a rebate of, typically, 1%. Oxygen Finance refers to this as dynamic discounting. This rebate is then split between Oxygen Finance and its customers.

Oxygen Finance has been operating for over 10 years and was acquired by Arrowgrass out of administration in February 2016, when it needed funds for development. Following the acquisition, Arrowgrass instigated significant cost cuts, strategic focus and relocated the business from London to Birmingham. Since Arrowgrass acquired Oxygen Finance, it has invested approximately £12 million in working capital and £2 million to acquire existing debt. Prior to its acquisition, the Directors believe that approximately £30 million had been invested in Oxygen since its incorporation.

Oxygen Finance employs 55 full time staff members, with headquarters in Birmingham, and another small team in the USA. As at the date of this document, Oxygen Finance has 31 public sector customers (live, with a fully operational contract or with a letter of engagement), including recent key wins with Cardiff City, NHS Wales and Sheffield City.

Oxygen Finance embeds its software and processes in the finance and procurement function of its customers, so that once the supplier has agreed to an early payment discount, then the entire process is automated.

The solution is delivered over two phases – an implementation phase, followed by a service management phase:

- Implementation phase (8-12 weeks): Oxygen Finance gains access into the customer's finance function, analyses its procurement and invoicing activities, rationalises the invoicing processes, installs Oxygen Finance's proprietary software and actively markets the solution to the buyers' suppliers. Oxygen Finance invests between 100 and 200 man days of work during the implementation phase, but does not generally charge for this activity.
- Service management phase (typically 5 years): during which participating suppliers are contractually obliged to accept early payment terms and their invoices are discounted accordingly.

To create value from early payment programmes, suppliers must be onboarded at optimal rates and their invoices then accelerated through the 'Purchase to Pay' process. The amount of rebate

increases depending on the length of time the invoice is paid in advance of the contracted payment term, and is shared between Oxygen Finance and its customers.

Oxygen Finance generally estimates that in the case of its core local authority customer base, some 50% of their procurement spend is addressable by Oxygen Finance, of which approximately one third will relate to suppliers who are on-boarded into the programmes. The amount of rebate generated depends on the time at which suppliers are paid. Oxygen Finance estimates that on an average of 20 days' payment acceleration, the rebate would be c.1%, of which, during 2017, Oxygen Finance received on average 44%.

The Directors believe that the Oxygen Finance offering is well developed, robust and scalable. The current objective for the business is to sign more customers, onboard more suppliers to its existing customer base and benefit from inherent operational gearing in the business.

(b) ***Oxygen Finance's product offering***

Oxygen Finance's products have the following commercial benefits for its customers:

- New predictable cost savings from charging a small discount/rebate for each invoice that is paid early.
- Purchase-to-pay efficiencies and reduced cost. Oxygen Finance's early payment programme creates a commercial incentive for the buyer to have effective and efficient payment processes. Oxygen Finance optimises processes, provides automation and improves compliance.
- Adherence to government legislation on late payment. There is increasing legislation on buyers to act responsibly and pay suppliers on time, including Late Payment of Commercial Debts (Interest) Act 1998, updated Regulations 2013 and EU Late Payment Directive, 2011/7/EU which were adopted into UK legislation through Late Payment of Commercial Debts Regulations 2013 (SI 395/2013), Regulation 113.

In addition to the above commercial benefits, the Directors believe that Oxygen Finance's solution fulfils both a commercial and social need for the suppliers of its customers:

- UK councils, the public sector and large corporates often do not pay suppliers on time – this can cause cashflow problems for suppliers, resulting in increased financing costs that are reflected in pricing or putting the supply or supplier at risk.
- Oxygen Finance's solution allows suppliers to improve their cashflow, reducing their financing costs whilst improving their relationships with their customer and own suppliers.
- "Freepay" working alongside Oxygen Finance's wider early payment offering, enables councils to pay small, local businesses early, with no rebate attached, contributing to local social value.

Oxygen Finance is initially focused on existing and new customers in the UK public sector, in particular local government. There are 418 councils in Great Britain, with c. £73 billion spend, of which 145 are actively targeted by Oxygen Finance with spend of c.£60 billion.

As of 31 December 2017, 13 UK public sector clients and one US public sector client were in service management and generating revenues, six implementations were under way. The average size of procurement spend of target councils is £0.4 billion, with the majority of spend between £0.1 billion and £0.5 billion.

In addition to local government, Oxygen Finance targets other clients with the following characteristics:

- Headline procurement spend of more than £200 million.
- Supply chain activities under developed/invested.

- Payment terms in excess of 30 days.
- Simple supply chains.

In December 2017 Oxygen Finance was selected as preferred supplier to a FTSE100 company with estimated annual spend in excess of £2.5 billion. This followed a competitive tender process, with commercial terms now agreed and negotiation of the final contract in process. Oxygen Finance is currently assessing the extent to which procurement spend is addressable and suppliers are willing to be on-boarded onto the programme. With this client, Oxygen Finance's estimated contracted client spend will be c.£14 billion.

Oxygen Finance believes that the following sectors are most relevant given these characteristics:

- Local Government (c.£73 billion total spend).
- NHS (c.£21 billion total spend).
- Central government (c.£55 billion total spend).
- Universities (c.£10 billion total spend) & Bluelight Services.
- Infrastructure (utilities, telcos), Financial Services.

In August 2017, Oxygen Finance contracted to provide its service to NHS Wales, with estimated annual procurement spend in excess of £2.65 billion. Implementation has commenced although Oxygen Finance is still assessing the extent to which that procurement spend is addressable and suppliers are willing to be on-boarded onto the programme.

Oxygen Finance does not seek to penetrate markets with highly developed existing early payment programmes such as automotive, FMCG and retail.

Oxygen Finance does not believe that there are directly comparable organisations. Perceived competitors tend to have differing focuses, for example those seeking to deploy capital (banks such as RBS, Citi or Barclays), diversifying from their core business (e.g. software providers such as Taulia, Tungsten, SAP Ariba, or Basware) or selling consulting services (advisors such as Accenture, EY, PWC, KPMG and Deloitte). C2FO, a US headquartered FinTech Company based in Kansas City, is a comparable business, although the Directors believe that to date C2FO has focused on large corporate clients in FMCG in particular.

(c) ***Oxygen Finance's future objectives and strategy***

The Directors believe that Oxygen Finance's product offering is well developed, robust and scalable. Oxygen Finance's objective is to sign up more customers, sell more product to existing customers and benefit from inherent operational gearing from fixed costs. In order to bring on more customers, Oxygen Finance has invested in expanding its sales and onboarding teams.

Given the nature of its contracts, Oxygen Finance's revenues have good visibility with live and contracted clients accounting for a significant percentage of future anticipated revenues. Oxygen Finance is budgeting approximately 55% of its revenues in 2020 to be generated by its current live and contracted clients. In the medium term, Oxygen Finance aims to continue its expansion in the UK public sector, including smaller councils, and further expansion into the NHS and central Government. Additionally, Oxygen Finance will aim to grow in the corporate sector, initially targeting large corporates with similar characteristics to the public sector and with relatively simple supply chains.

In addition, in the medium to longer term, Oxygen Finance will aim to sell TruFin partner company products to existing suppliers (for example invoice financing) and potentially other additional products, where appropriate and beneficial to customers.

5. Satago

(a) *Introduction & history*

Satago offers a technically advanced invoice finance system via its platform, which is designed to help businesses manage their cashflow. Satago's online platform facilitates the provision of invoice financing and sends automated reminders to customers in relation to unpaid invoices as well as reporting to suppliers on outstanding invoices and providing credit reports setting out risk levels of customers. Satago was originally launched in 2012 as a credit control system designed to integrate with cloud accounting platforms. Risk insight information was later added to help small businesses understand the risk profile of their trading partners.

Satago, a start-up software company, was founded in September 2012 and the Invoice Financing product was launched in December 2015. Arrowgrass purchased the Satago trade and assets in February 2017. Since then, a broader team has been hired to enhance the software and develop the invoice financing product.

As at 31 December 2017, TruFin had extended a £20 million debt facility to Satago FS to fund loan book growth.

Satago currently offers an all-in-one cashflow solution, built on its proprietary technology:

- **Invoice Finance** – access to funds with a simple 'pay as you go' invoice finance facility.
- **Credit Control** – faster payments through automated email chasing and credit control management.
- **Risk Insight** – reduces bad debts by using Satago's integrated credit tools to analyse current debtor book and future potential customers.

The software is built to integrate with client accounting systems in order to streamline the lending process.

The Directors believe the core SME market is underserved, especially for the micro businesses that make up the vast majority of UK entities. Satago is well placed to exploit this opportunity due to its technological advantages.

Satago's key route to market is via strategic partnerships which it has been nurturing since 2017. Satago is also looking at new financing solutions for SMEs through product development, white labelling solutions and new system integrations.

(b) *Satago's market and opportunity*

The UK invoice finance market is already significant in scale, but Satago believes that substantial opportunity remains given the overall scale of the potentially addressable SME sector. According to ABFA Statistics Q2 2017, whilst the current invoice finance market is measured at c.£19 billion in outstanding advances (with c.£300 billion of annual originations in the UK in 2014), there are on average just 40,000 businesses currently using invoice finance in the UK. This compares to the total number of active trading companies of c.1.9 million as at the beginning of 2017.

Of these c.1.9 million businesses, micro SMEs of fewer than 10 employees make up 88% of the total and are Satago's typical customers. A significant number of these smaller entities are refused finance from the traditional finance providers. The Directors therefore believe there is an opportunity for disruption in this space.

The Directors believe that Satago is well positioned to assist micro SMEs, as its invoice finance product is integrated into a credit control and risk insight software package, which in turn integrates into the micro SME's accounting software package (such as Xero, Sage, Quickbooks, Freeagent, Freshbooks or Kashflow). The Directors believe that Satago offers an excellent customer experience.

In addition, Satago's infrastructure allows for the building of bespoke solutions when partnering with large corporate partners and banks. This may include white labelling solutions, custom API integrations and other commercial partnerships.

The Directors believe that Satago is distinct from competing offerings in the invoice finance sector, both from traditional players and new entrants. The Directors believe that traditional players, and mainstream banks, may overlook or turn down micro businesses for invoice finance in order to focus on existing, larger relationships. This may be because they find it difficult to both assess the creditworthiness of potential micro business clients, and to provide ongoing servicing, via their existing IT systems. New players have entered the market in recent years, including MarketInvoice, Iwoca, Liberis, Gapcap, Nucleus and Growth Street. In contrast to traditional players, the Directors believe that these new entrants can offer a much better customer experience via automated processing. However, many of these new players rely on sourcing customers via methods such as brokers and online and offline marketing campaigns which impact profitability. Whilst Satago may also use brokers and marketing from time to time and in a targeted way, the Directors believe that Satago's ability to offer credit analysis and risk insight management tools, together with accounting package integration, distinguishes it. In addition, its approach to lead generation is to work with partners, rather than undertake general marketing campaigns.

(c) ***Satago's product offering***

Satago currently has two product offerings:

Satago Connect (full integration)

- **Connect Invoice Finance**: A flexible and integrated finance solution. Risk decisions are driven by the strength of the client, their customer and their trading relationships.
- **Credit Control Management**: A centralised credit control solution which automates email chasing and stores client communications.
- **Risk Insight**: Risk Insight data allows users to get unique insights into the risk profile of the sales ledger and potential customers.

Satago Direct

- **Direct Invoice Finance**: A Satago offering which allows clients to request finance. This does not require an integrated accounting system.

The key differentiator between Satago Connect and Satago Direct is that Connect requires an accounting system integration, enabling Satago to "see" into the ledgers of its clients prior to its credit decision. Both Connect and Direct offer an invoice finance solution, but Connect also offers two additional complementary products: a Credit Control Management system and access to a Risk Insight analysis tool. Both of these complementary products are optional and provided free of charge as an incentive for prospective clients to sign up to the platform.

There are also other products currently envisaged for future roll-out, including content financing, under which finance is provided to providers of creative content (for example, game developers to help fund their development, marketing and operational costs). Satago is developing niche products for this sector, such as advances against future contractual revenues and advances against future R&D and Video Game Tax Relief reclaims.

(d) ***Objectives and strategy***

Satago's strategy is focused on building the right partnerships to drive lead generation and to use the platform to take advantage of any disruptive trends in the industry caused by technology.

Short Term – 2018

- Launch a second product: content financing (pilot in progress, see data-led lending in paragraph (e) below).
- To secure further long term strategic partnerships.

Long Term – 2018+

- Launch further niche products for SMEs.
- Become partner of choice for incumbent banks seeking technology solutions.
- Maintain a lean cost base, leveraging Satago's technical advantages that automate key processes.
- Build on IT infrastructure to explore opportunities presented by amongst other things regulatory change (for example, Open Banking and PSD2).

(e) ***PlayStack***

Satago plans to access the mobile game developer market, estimated by NewZoo to be $38.6 billion globally in 2016, through PlayStack, a private games publisher established in London in 2016. PlayStack provides game developers with access to financing and expertise in creating, publishing and operating games, building marketing presence and community. Playstack is led by Harvey Elliott, Chair of the BAFTA Games Committee from 2012 to 2016, former CEO of Marmalade, a provider of cross-platform technology, publishing, studio and professional services for game developers, and former Head of EA Bright Light, a UK-based video game developer founded in 1995 by Electronics Arts.

Satago initially partnered with PlayStack in order to provide invoice financing solutions to mobile games developers, purchasing Google and Apple invoices. Further, Satago has also been offering financing for R&D and Video Game Tax Relief reclaims. The total financial assets relating to these invoices and claims as at 31 December 2017 was approximately £1.6 million. As at the date of this document, PlayStack has launched three mobile games and has a pipeline for a further 13 games in 2018.

Satago is now exploring data-led lending. Satago's content financing is expected to be provided through its 60/40 joint venture between Playstack/Satago called PlayIgnite. Satago entered into a shareholders' agreement on 27 October 2017 to govern this joint venture. Whenever PlayStack intends to finance user acquisition costs in respect of games published by PlayStack and/or where PlayStack intends to factor, or borrow or give security over, its revenues from its published games, it will place these finance requirements exclusively with PlayIgnite. Satago has also undertaken to introduce to PlayIgnite all relevant opportunities that it encounters for PlayIgnite's business.

Pursuant to an option agreement dated 27 October 2017, PlayStack has granted Satago FS an option to acquire 30,919 ordinary shares in the capital of PlayStack at a price of £60.64, which represented 20% of its issued share capital at the date of the agreement, on or prior to 31 October 2018.

Satago is also providing financing to PlayStack through a credit line of up to £1.5 million. The line has a 1% per month interest rate and may be convertible into equity, based on certain conditions being met.

If Satago FS were to exercise all the equity interests it holds in PlayStack at the date of this document, based on certain conditions being met, it would own approximately 42% of the issued share capital of PlayStack.

(f) ***Potential acquisition***

TruFin has agreed non-binding heads of terms with a business which provides succession planning for the UK independent financial advisor firm market. This business has exclusivity with a market

leading IFA IT platform with over £20 billion of funds under direction and 100,000 client investment portfolios at August 2017. The Directors expect that this agreement, a combination of debt and equity, will be signed and funds made available following Admission.

This potential acquisition is well positioned to originate high-yielding loan assets with low customer acquisition costs. The Directors believe that this ability to distribute and originate high-yielding loan assets, within a specific niche, is very attractive. One of the key acquisition criteria that the Directors will look for when making further investments is this ability; for the target company to originate high-yielding loan assets, with low customer acquisition costs, in niche markets.

6. Zopa

(a) ***Current Business***

Zopa is a technology-led financial services innovator, launched in 2005, and is currently a leading UK consumer P2P lender. Zopa provides an online platform which connects lenders to borrowers of unsecured personal loans. Zopa focuses on three main areas: customer experience, data analytics and technology.

Since 2005, Zopa's platform has originated over £2.6 billion of unsecured loans (of which £1.3 billion were outstanding as at 31 December 2017), connecting over 320,000 customers to 70,000 investors. Zopa's lending platform has yielded positive returns net of defaults and fees every year since inception, demonstrating its underwriting capabilities throughout the economic cycle. Zopa is the market leader with established distribution and proven and robust risk management.

Zopa plans to launch Zopa Bank, to enable it to lend directly from its own balance sheet and offer customers a broader set of products (including deposits, credit cards and auto loans) and services. In doing so, it will significantly increase its addressable market. Zopa also intends to diversify its sources of funds by offering customers fixed-term deposits and making use of wholesale funding alongside the existing P2P investments. By becoming a bank, Zopa will also be able to take the loans it originates on balance sheet and capture the full return from these loans, as opposed to solely a brokerage fee. Zopa started its bank licence application process over a year ago and its application is on track.

Zopa was the first major P2P lender to be fully authorised by the FCA, and was also the first major P2P provider to offer an Innovative Finance ISA (the "Zopa IFISA"). Zopa has over 300 employees across its headquarters in London and development office in Barcelona.

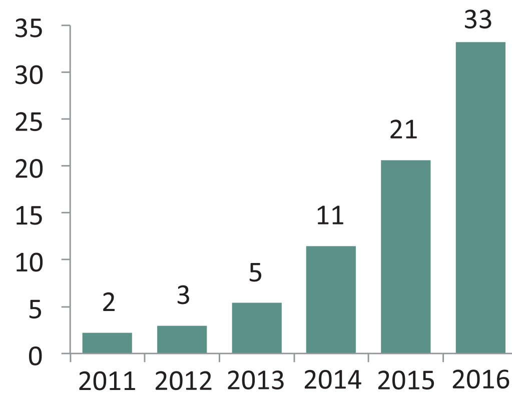
Zopa currently facilitates loan applications through both direct channels and indirect or intermediary channels. Direct origination describes the position where the borrower contacts Zopa directly. Zopa markets itself to such borrowers using a combination of online platforms such as pay-per-click advertising and search engines, as well as targeted e-mail and more traditional direct mail campaigns. "Indirect" or "intermediary" origination describes Zopa's relationship with strategic marketing partners, consumer credit brokers and online aggregators.

Zopa's focus on customer service has resulted in a net promoter score of 74 (as at September 2017), well-above other UK banks and in line with technology companies like Amazon. Zopa was named by Moneywise the "Most trusted Personal Loan Provider" for the seven consecutive years (2010 – 2016).

Zopa is led by CEO Jaidev Janardana who joined in 2014 from Capital One, where he led credit risk management and marketing. Jaidev is supported by executive team members each with over 10 years of relevant experience across financial services, technology and consumer-oriented business who have been instrumental in the evolution of Zopa.

Arrowgrass selected Zopa for investment in January 2014. TruFin currently owns c.15% stake in Zopa.

Zopa's revenues (£m), which have grown at a 72% CAGR 2011–16



(b) ***Zopa's History***

Zopa was founded in 2004 by Giles Andrews (now Non-Executive Chairman), David Nicholson, Richard Duvall and James Alexander, of whom the latter three worked for Egg, an online only bank and a part of the Prudential Group. The vision of Zopa's founders was to create an online platform operating as a market place for lenders and borrowers, opening up financing and investment opportunities to a wider population. The platform was launched in 2005, originating its first consumer loan the same year and growing rapidly since.

Zopa continued to grow throughout the global financial crisis. In 2013, Zopa launched the Safeguard fund, a provision fund available to retail lenders to tax-efficiently offset losses from bad debt.

In 2014, Zopa Limited received interim FCA authorisation as the FCA began to regulate the P2P lending market, requiring P2P platforms to be authorised and introducing conduct of business rules and client asset protection. This provided greater protection and certainty to consumers and was welcomed by Zopa. In the same year, Zopa also started to work with institutional lenders, adding to the funding available via the Zopa platform.

In 2016, Zopa opened a development center in Barcelona, which focused initially on the production and testing of software to facilitate payment gateways, credit card processing and deposit systems.

In 2016, P2P Global Investments, an investment fund, securitised a portion of their Zopa loans, creating the 1st Rated ABS of P2P consumer loans in EMEA (MOCA 2016-1).

In 2017, P2P Global Investments securitised another portfolio of Zopa loans. P2P Global Investments purchased themselves at least 20% of the issued notes as part of the securitisation. The most senior tranches of this securitisation was priced at one month sterling LIBOR + 70 basis points.

In 2017, Zopa became the first major P2P platform to receive full authorisation from the FCA, and was also the first major P2P provider to launch the Zopa IFISA, allowing lenders to access P2P lending returns tax free within an ISA wrap.

(c) ***The Consumer Credit Market***

According to the Bank of England Financial Stability Report, in April 2017, the total stock of UK consumer credit was £198 billion. The consumer credit market mostly comprises credit cards (34%) and dealership car finance (30%) with the remaining 36% of the stock mostly made up of personal loans with overdrafts, P2P lending, store credit, and lending from credit unions and small non-bank money lenders. This represents a clear, large market opportunity for Zopa. The consumer credit market is highly diverse but there are some common features across product types:

- Short term: most consumer credit lending is at maturities of five years or less (apart from revolving facilities such as credit cards or overdrafts).

- Higher interest rates: while interest rates vary considerably across product types, they are typically materially higher than for mortgages. This reflects a lack of collateral for most consumer credit products, and is intended to compensate the lender for the higher risk of losses.
- Fixed rates: most consumer credit products have interest rates that are fixed for the entire term of the loan. Banks provide around 80% of lending in the credit card and 'other' categories, but less than half of dealership car finance.

(d) ***Origination and Underwriting***

Credit Approval Process

Zopa employs a multi-step application and underwriting approval process to evaluate all loan applications. Potential borrowers are sourced by Zopa through direct or indirect means. This process begins when an applicant first submits the application information and ends when a loan application is either (a) declined by Zopa or cancelled by the borrower (at any time in the process); or (b) approved for funding and originated through the Zopa Platform (so becoming a loan). The following is an overview of the steps involved.

Stage 1: Zopa Borrower loan application

The first stage is the online application by the borrower on the Zopa Platform, when he or she provides required information such as identity, address history, gross employment annual income, desired loan term and amount. Upon submitting the application, the Zopa Borrower provides consent to Zopa to carry out a "soft search" with the credit bureau.

Stage 2: Eligibility screening

The second stage is the eligibility screening, according to certain eligibility criteria. These criteria define generic eligibility requirements, including but not limited to: minimum age, minimum UK residency history, and minimum income. If a loan application successfully passes this screening, the loan application then goes to the classification stage.

Stage 3: Classification – the application of the proprietary scoring model

A loan application that passes eligibility criteria goes through the "scorecard": a proprietary scoring model using both data submitted by the applicant and provided by third-party credit reporting agencies, to generate a credit score related to that specific loan application by the Zopa Borrower. Scores translate to "Zopa Markets". As of the Provisional Loan Portfolio Cut-Off Date there are 7 Zopa Markets (A*/A1/A2/B/C1/D/E), plus the N markets for scores that fall below the lowest Zopa credit market cut-off and which are score declines.

Stage 4: Ratecard, Quote and Reservation

Applications which are mapped to a non-N Zopa Market are then matched to one or many lender(s) (either as a whole loan or set of microloans) and subsequently go through the Ratecard, which determines the price to be shown to the borrower (consisting of rate of interest, a borrowing fee, and a resulting APR). The Ratecard is driven by multiple factors including, but not limited to: Zopa Market, loan term and loan amount. For whole loans, the borrower is presented with a quote, alongside pre-contract and regulated contract information, including the name of lender. If the borrower chooses to accept the quote (a "Reservation" of the quote), he/she electronically signs the contract, provides bank account details and direct debit mandate, and consents to the terms and conditions.

Stage 5: Final stage underwriting

Once a Reservation occurs, the loan application goes through final stage underwriting for final approval. This stage in the Zopa eligibility process includes data verification and final review to ensure adherence to Zopa's Underwriting Guidelines. A portion of Reservations are auto-validated

where no ‘flag’ is triggered requiring a referral for manual review of the application data. The applications which are the subject of a referral flag go to manual underwriting for a review of the specific feature(s) related to the referral flag (for example identity verification, proof of income, clarification on credit items, etc.). At this stage, further data will be gathered and additional checks made on eligibility.

Credit Evaluation Process

In determining whether a loan application will be accepted, Zopa considers a variety of data points throughout its credit evaluation process. Not all data points are relevant to all loan applications, and the relative importance of the data points considered will vary. Factors considered may include an assessment of income, assets, credit history and financial stability. Third party credit reports are also obtained. The specific information, weighting and other factors relevant within each area of scrutiny, and all aspects are subject to change at Zopa’s discretion.

Zopa Borrowers

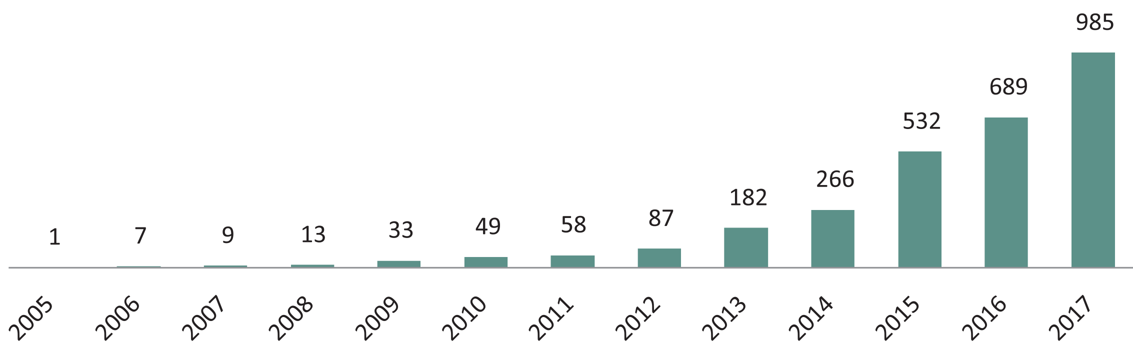
The Zopa Borrower must be an ‘individual’ and the loan amount is limited to (excluding fees) up to £25,000 and a term of no more than 60 months.

An ‘individual’ is defined as:

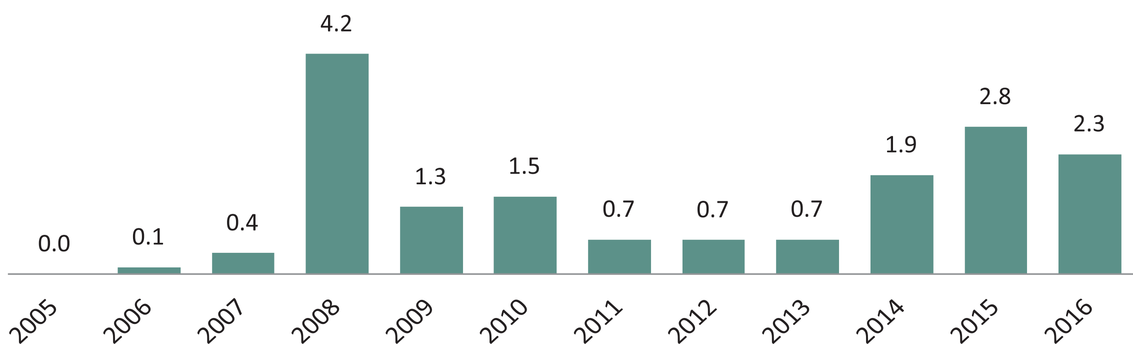
a) an individual, at least 18 years old, living in the United Kingdom; and

b) having a current account in their own name with a UK bank.

Zopa annual loan originations (£m)

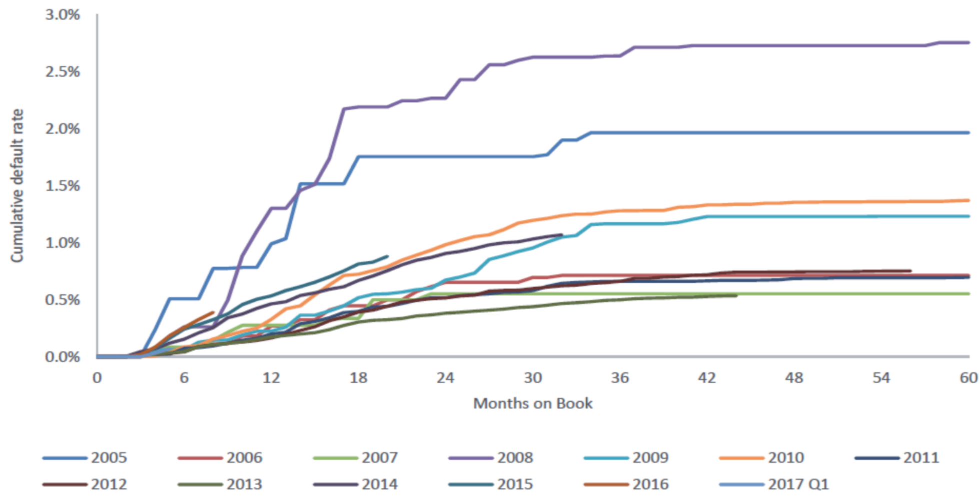


Zopa default rates by vintage (%) : Total defaults observed to date, as a percentage of the amount lent in the calendar year – as of 1 August 2017

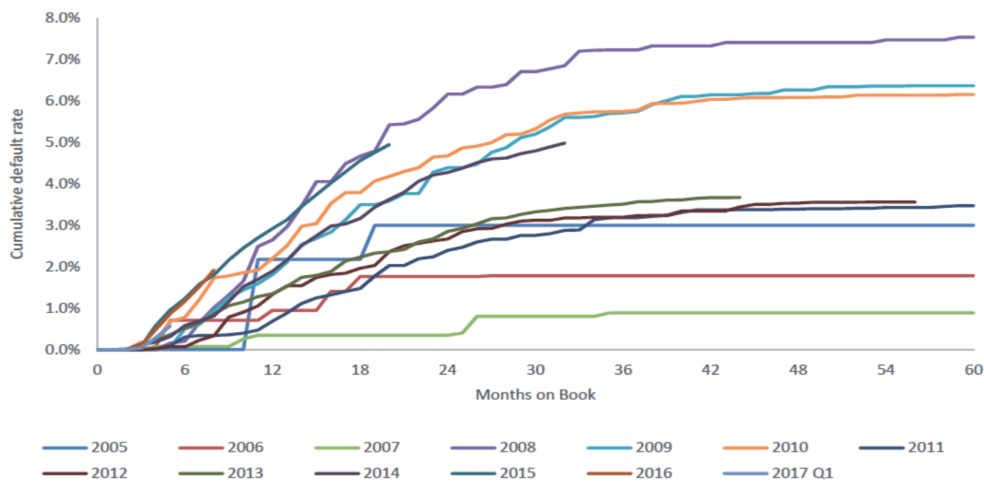


The graphs include gross loss performance for loans graded A* to C1 originated on the Zopa Platform between 4 March 2005 to 30 September 2017. Loans graded D and E are not included as they were recently introduced so have not matured yet. Loss rates are shown in annual cohorts, by outstanding principal balance at the time of default before any realised recoveries, as a percentage of the original loan amount.

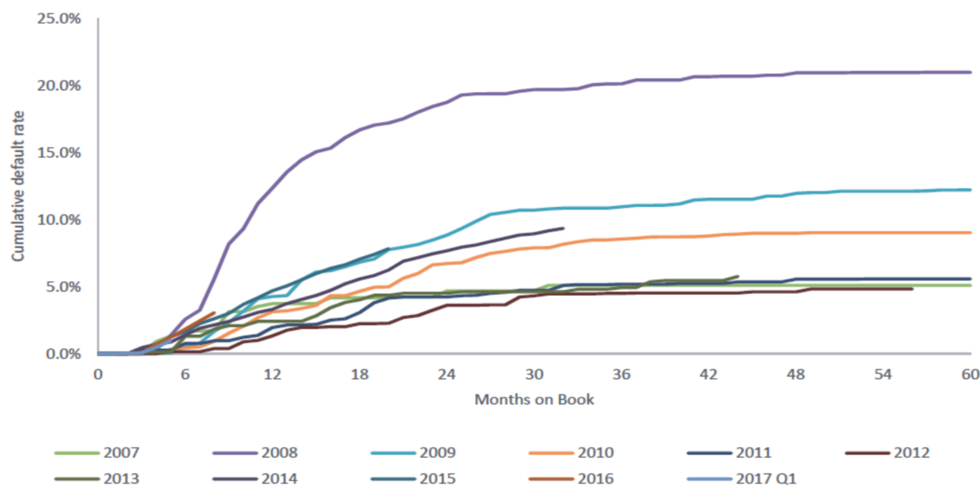
Gross loss performance – A, A1, A2 Risk Bands*



Gross loss performance – B Risk Band



Gross loss performance – C1 Risk Band



(e) ***Arrears and Default Procedures***

Zopa manages the ongoing loan monitoring and servicing for loans originated on the Zopa marketplace. The servicing team deals with borrowers who are in arrears, who may go into arrears, who have defaulted or who have breached their loan conditions. The servicing team sits within Zopa and the team is broadly subdivided into two parts: servicing on loans in arrears (“Collections”) and servicing on loans in default (“Recoveries”). The collections team is generally responsible for

borrower payment issues within the first 90 days of arrears period, whilst the Recoveries team is generally responsible for dealing with delinquent borrowers who have defaulted or are in or intend to enter a formal insolvency or bankruptcy procedure. These activities may be outsourced to third party providers.

Arrears

The Collections team uses a number of tools to track and monitor late and defaulted loans and borrowers on a daily basis, for work allocation, strategic planning, regulation of systems and controls, and for FCA compliance. The tools enable the team to monitor loans and prepare for direct contact with the borrower through telephone, email or letter, in line with TCF (Treating Customers Fairly) principles.

If the borrower misses a payment or only partially pays, the collections team (itself or through an agent acting on its behalf) will contact the borrower to inform him or her that the collections team will re-attempt to collect the outstanding payment. If the shortfall is not collected within 15 calendar days after the payment was due, the borrower's account will be treated as an overdue account. The collections team might refer the account to a debt collections agency. If the borrower fails to pay (or is otherwise in breach of the terms of the loan), it may be placed into default. Zopa may obtain a County Court Judgment and a Warrant of Execution, and may instruct Bailiffs to attempt to collect the amount outstanding.

Default

The Collections team will normally place a loan into default when a loan has amounts overdue equivalent to more than four scheduled monthly payments, or where it feels that there is a material risk to the lenders that they will not be repaid in full. Unless there is a good reason not to default a loan it generally expects to default a loan when it becomes over 90 days in arrears, but it may extend this where the borrower is particularly responsive and has given a compelling reason for the loan not to be defaulted, demonstrating he/she can go back on schedule over time.

A loan will generally be classified as in "default" when the Zopa Borrower fails to pay the full amount of four repayments then due and payable in relation to the Zopa Borrower's loan(s). Unless otherwise agreed with the lender, such loans will be assigned to Zopa for Collections. Loans will also be assigned to Zopa for administration where Zopa receives confirmation that the Zopa Borrower has died, the Zopa Borrower has entered into a terminal arrangement affecting the Zopa Borrower's Loan Contracts (e.g. an individual voluntary arrangement, trust deed, debt arrangement scheme); or the Zopa Borrower becomes bankrupt (including being the subject of a Debt Relief Order). Non-commercial lenders may receive payment from a fund designed to meet investor losses in so far as it is able, and operated by a trustee (the "Zopa Safeguard Trust"). Zopa announced it will no longer originate loans with Safeguard coverage after 1st December 2017.

The full amount of the loan will become payable in the event that the Zopa Borrower fails to pay an amount specified in a default notice. Zopa will then investigate the amount of debt that is likely to be successfully recovered and then take the step(s), if any, that are most likely to achieve that result.

The Recoveries team also uses a number of external agents for support and assistance for insolvency or bankruptcy related appointments, legal support, tracing and service of process and for County Court enforcement.

(f) ***TruFin's strategy on Zopa***

As at 30 June 2017, TruFin valued its holding in Zopa at £33.9 million. This valuation does not necessarily represent the view of Zopa or its directors.

The Directors believe that Arrowgrass' involvement in Zopa has been instrumental in Zopa's successful development, in particular Zopa's decision to pursue a banking licence. The Directors

believe that a banking licence will not only allow Zopa to expand its product range, but also significantly enhance profitability. For instance, the Directors believe that, in 2017, if Zopa had:

- taken all of the loans outstanding on its platform onto its balance sheet (the average loan portfolio in 2017 being £1.1 billion);
- funded these loans through deposits (at a market rate of 2%) and equity; and
- achieved its current annualised projected return of c.4.5%,

Zopa would have generated approximately £25 million of additional net revenue.

The Company expects Zopa to raise equity within the next twelve months of the publication of this document and the Directors' current intention is for the Company to invest an additional £15 million in Zopa, subject to reaching acceptable terms on the investment, the size of the equity raise and a satisfactory valuation being achieved for Zopa. The Directors believe that the fundraising is likely to be carried out at a higher valuation than the valuation implied by the current carrying value of £33.9 million.

In the longer term, the Directors believe that Zopa may look to carry out an IPO and at that time the Directors will consider whether to sell TruFin's interest in Zopa, subject to a satisfactory valuation being achieved for Zopa and the Directors determining how they want to allocate resources within TruFin to maximise Shareholder value.

Given that the Group holds c.15% of Zopa, it does not have management control over Zopa. Whilst the Company may support any equity raise by Zopa within the next 12 months, it has no contractual obligation to participate in any such equity raise.

7. Summary financial information

The following summary financial information should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	Year ended 31 December 2017 £'000s (unaudited)	*6 months ended 30 June 2017 £'000s (unaudited)*	*Year ended 31 December 2016 £'000s (audited)*
Gross Revenue	not less than £3,600	1,483	1,537
	As at 31 December 2017 (unaudited)	*As at 30 June 2017 (unaudited)*	*As at 31 December 2016 (audited)*
Loan Book	not less than £32,000	11,410	870
Cash	approx £26,000	13,556	6,690
Net Assets		43,001	34,500
KPIs (unaudited)			
DFC: # of Manufacturers signed up	26	9	0
DFC: # of Dealers onto programme	246	80	0
DFC: # of Active Dealers signed up	163	49	0
Oxygen: Clients' total annual procurement spend under contract	£11.3bn	£7.4bn	£6bn

8. Current trading and prospects

The Group's consolidated revenue will not be less than £3.6 million for the full year to 31 December 2017, growth of at least 140% compared to 2016. The growth in the second half of 2017 was driven mainly by an increase in the amount of loans written, underscoring the Group strategy to scale quickly in its chosen niche markets.

(a) ***Highlights***

DFC and Satago

- Combined loans and advances to customers – as at 30 June 2017 – were £11 million. As at 31 December 2017, loans and advances to customers were not less than £32 million, a growth of at least 190% over the six month period.
- Combined revenue grew from £0.1 million for the six months to 30 June 2017 to not less than £1.1 million for the six months to 31 December 2017, highlighting the growth trajectory of these companies.
- The meeting with the PRA on the 30 November 2017 was constructive and positive and DFC is now proceeding with the final stages of the application process for a banking licence – with DFC management expecting that the full application will be submitted in the first half of 2018.

At DFC, operating expenses grew over the period, driven by new hires and professional services costs arising from, inter alia, its banking application to the PRA. There were no defaults or losses during the period. As at 31 December 2017, DFC had signed up 26 manufacturers and 246 dealers onto its programmes, with 168 of those dealers active.

During the six month period to 31 December 2017, TruFin extended a further facility to DFC of £15 million, taking the total facilities provided to DFC, by TruFin, to £25 million. DFC signed an initial £40 million committed facility with Citibank, N.A., London Branch, with discussions currently ongoing to extend this facility to £100 million. The Directors and DFC management intend that this financing, together with a portion of TruFin's IPO proceeds, will fund DFC's loan book growth for the next twelve months. The Directors are assuming that DFC will raise retail deposits in early 2019, at which point it can begin to implement the anticipated banking model.

In 2018, the Directors expect the assets in DFC will grow relatively quickly towards the limit of available funding. In addition, the Directors expect the cost base will increase materially as additional staff are onboarded during the year to prepare for the bank licence and asset base growth.

During the six month period to 31 December 2017, TruFin extended a further facility to Satago, bringing Satago's total facility to £20 million; this facility will fund the next phase of Satago's anticipated development and loan book growth. During the second half of the year, Satago established a team of nine people, led by an experienced senior management team comprising CEO, COO, Head of Finance and Head of Technology. The team will continue to invest in the ongoing development of Satago's proprietary technology platform and the development of its content financing product, and in securing strategic partnerships over the coming year.

The £45 million of intra-Group facilities extended to DFC and Satago arise from existing cash assets of the Group – other than the facility provided by Citibank N.A. to DFC, as at 31 December 2017, no member of the Group, nor Trufin, had any external borrowings.

Oxygen Finance

- Revenue grew from £1.1 million, for the six months to 30 June 2017, to not less than £2.4 million for the full year, growth of at least 65% year on year.
- Since 30 June 2017, Oxygen Finance contracted with significant new clients (including NHS Wales), which represent a combined total annual procurement spend of £3.6 billion. This resulted in total annual procurement spend under contract of over £11 billion, by the end of 2017, representing at least 90% annual growth.

The new client contracting approach, moving from a two stage (assessment then implementation) approach to a 'straight to contract' model (removing the assessment) resulted in the anticipated reduction of assessment fees in the second half. However, the revised model results in a shorter sales cycle and transactional revenue generation being brought forward – the benefits of which should be seen in 2018 and 2019. Each new client represents significant value to the business due to the

average length of contract being five years. This, combined with Oxygen Finance's inherent operational leverage gives the Directors confidence that Oxygen Finance will continue to build on its strong position in 2018.

However, revenue growth at Oxygen Finance depends on a number of variables, notably the speed at which suppliers are onboarded. Therefore, the Directors expect that revenue growth will accelerate more sharply as newly onboarded clients mature. Oxygen Finance has sufficiently invested in its infrastructure to satisfy the current pipeline and as such the Directors expect that cost base growth will be limited mainly to adding new headcount in the supplier onboarding team.

Zopa

Since 30 June 2017, the Directors believe Zopa has continued to perform in-line with budget.

9. Dividend policy

The Directors' current intention is that, for the foreseeable future, the earnings of the Group will be reinvested in the business in order to fund the Group's ongoing growth strategy. In the future, if it is commercially prudent to do so, the Board may consider the payment of a dividend.

10. Reasons for the Capital Raising and use of proceeds

Arrowgrass and the Directors believe that TruFin's portfolio of FinTech and banking assets is now set to scale, and given internal limits on how much Arrowgrass can invest in private equity assets from time to time, it believes that an IPO is the best way to provide further capital for the Group's next stage of development, enabling TruFin to inject capital into DFC and Zopa and further enhance the Group's public profile.

The proceeds of the Capital Raising are intended to be used for the following purposes:

- £35 million for capitalising DFC's balance sheet for lending;
- £15 million to participate in any future capital raise by Zopa; and
- £20 million for making opportunistic strategic acquisitions, providing additional working capital to support and implement the growth strategy, including head office costs, and for the costs, commissions and expenses relating to the IPO (estimated to be approximately £4 million).

11. Details of the Capital Raising

The Company is proposing to issue 36,842,106 Capital Raising Shares at a price of 190p per share pursuant to the Capital Raising to raise a total of £70.0 million, and approximately £66.0 million net of expenses.

The Company is proposing to issue 36,765,791 Placing Shares with institutional and other investors procured by Macquarie at a price of 190p per share pursuant to the Placing to raise a total of £69.9 million. The Placing Shares will represent approximately 37.8% of the Enlarged Ordinary Share Capital. The Placing is conditional upon, amongst other things, Admission becoming effective by no later than 8.00 am on 21 February 2018 or such later date as the Company and Macquarie may agree (being not later than 8.00 am on 2 March 2018) and the Subscription. Further details of the Placing Agreement are set out in paragraph 12 of Part 4 of this document.

The Company is proposing to issue 76,315 Subscription Shares to certain employees of the Group at a price of 190p per share pursuant to the Subscription to raise a total of £144,999. The Subscription Shares will represent approximately 0.1% of the Enlarged Ordinary Share Capital. The Subscription is conditional upon, amongst other things, Admission becoming effective by no later than 8.00 am on 21 February 2018 or such later date as the Company and Macquarie may agree (being not later than 8.00 am on 2 March 2018) and the Placing. Further details of the Subscription are set out in paragraph 12 of Part 4 of this document.

Arrowgrass has agreed to subscribe for 14,010,324 Capital Raising Shares at the Capital Raising Price pursuant to the Capital Raising, following which it will hold approximately 73.1% of the Enlarged Ordinary Share Capital.

On Admission, the trustee of the EBT and relevant JSOP Award holder will jointly subscribe for the EBT Shares equal to 3.5% of the issued share capital of the Company in consideration of the continued employment by the relevant employee with the Company and in connection with the Company's share incentive arrangements, details of which are contained in paragraph 17 of Part 1 and paragraph 5 of Part 4 of this document.

12. Admission, dealings and CREST

Application has been made to the London Stock Exchange for all of the Enlarged Ordinary Share Capital to be admitted to trading on AIM. Admission is expected to take place and dealings in the Ordinary Shares are expected to commence on AIM at 8.00 am on 21 February 2018.

No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at its direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Company has applied for the Enlarged Ordinary Share Capital to be admitted to CREST and it is expected that the Enlarged Ordinary Share Capital will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes provided such person is a system member (as defined in the CREST Regulations) in relation to CREST.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

13. Relationship Agreement and lock-in arrangements

Following Admission, Arrowgrass will hold approximately 73.1% of the Enlarged Ordinary Share Capital.

The Company has entered into the Relationship Agreement with Arrowgrass and Macquarie to ensure that it will be able, at all times, to carry on its business independently of Arrowgrass and that all transactions and relationships between the Company and Arrowgrass are at arm's length and on a normal commercial basis.

Subject to certain customary exemptions, Arrowgrass undertakes that it will not, and will procure that its associates will not, for a period of one year from Admission, offer, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue any interest in any Ordinary Shares held by it or its associates (as applicable).

The Company and Arrowgrass agree to use reasonable endeavours to procure that a majority of the Board shall be independent Directors.

The Relationship Agreement will terminate once (i) the aggregate interest of Arrowgrass in the Ordinary Shares falls below 10%; (ii) the Ordinary Shares cease to be publicly traded; or (iii) the Company passes a resolution for its winding up or a court of competent jurisdiction makes an order for the Company's winding up or dissolution. Further details of the Relationship Agreement are set out at paragraph 15 of Part 4 of this document.

The Company operates its business independently of Arrowgrass.

David Bateman, a non-executive director of DFC, has an ongoing role as a representative director of Arrowgrass on the board of Basware Oyj and provides ad hoc strategic advice to Arrowgrass, however, he is not an Arrowgrass representative on the board of DFC.

Taavi Davies has an ongoing role as a director of certain funds managed by Arrowgrass Capital Partners LLP and is sole director of Oxygen FA, however, Taavi is not an Arrowgrass representative on the board of Oxygen FA.

Pursuant to a lock-in-agreement dated 13 February 2018, subject to certain customary exemptions, the Directors have undertaken that they will not, for a period of one year from Admission, offer, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue any interest in any Ordinary Shares held by them.

14. Directors and senior management

On Admission the Board will comprise three Executive Directors and four Non-Executive Directors.

Brief biographies of the Directors and senior management of the Group and Zopa are set out below:

(a) ***Directors***

Henry Kenner *(aged 55) – Executive Chairman and Chief Executive Officer*

Henry possesses over 30 years of investment banking and capital markets experience. Henry co-founded Arrowgrass Capital Partners LLP in 2008 and was CEO until late 2017. Prior to that, Henry served as a Managing Director at Deutsche Bank. Henry has also worked as a Managing Director at Swiss Re Capital Management, and at ABN Amro Hoare Govett having started his capital markets career at NatWest Markets. Henry qualified as a Chartered Accountant.

James van den Bergh *(aged 39) – Deputy Chief Executive Officer*

James possesses over 16 years of investment banking and capital markets experience. James led the alternative finance team at Arrowgrass Capital Partners since its inception in 2013 to its transfer to TruFin. James began his career at Merrill Lynch before transitioning into investment management in 2003. James was formerly a partner at SAC Capital Advisors, Walter Capital Management LLP and Ivaldi Capital LLP. James is a CFA Charterholder.

Raxita Kapashi *(aged 53) – Chief Financial Officer*

Raxita has 21 years of experience in various senior finance roles. Most recently she was Head of Finance & Compliance at Inflexion Private Equity. Prior to that she was Head of Finance at Oakley Capital Limited. Raxita qualified as a Chartered Accountant.

Steve Baldwin *(aged 49) – Senior Independent Non-Executive Director*

Steve has an extensive corporate finance background and is currently a Non-Executive Director at Plus500 and Elegant Hotels Group plc, and a Trustee at Howard de Walden Estate Limited. Steve was the Head of European Equity Capital Markets and Corporate Broking at Macquarie Capital until February 2015. Prior to this Steve was a Director at JPMorgan Cazenove for ten years and was a Vice President of Corporate Finance at UBS from 1995 to 1998. Steve qualified as a Chartered Accountant.

Penny Judd *(aged 54) – Independent Non-Executive Director*

Penny has over 30 years of experience in Compliance, Regulation, Corporate Finance and Audit and is currently Chairman of Plus500. Penny was until June 2016 a Managing Director and EMEA Head of Compliance at Nomura International plc, a position she held for three years. Prior to this, Penny worked at UBS Investment Bank for nine years and held the position of Managing Director, EMEA Head of Compliance. Penny qualified as a Chartered Accountant.

Peter Whiting *(aged 51) – Independent Non-Executive Director*

Peter has over twenty years of experience as an investment analyst, specialising in the software and IT services sector. Peter is currently the Senior Independent Director of FDM Group Limited. Peter joined UBS in 2000 and led its UK small and mid-cap research team. Between 2007 and 2011 Peter was Chief Operating Officer of UBS European Equity Research. Peter is also a Non-Executive Director of Microgen plc and Keystone Law Group plc.

Paul Dentskevich *(aged 55) – Independent Non-Executive Director*

Paul has over 30 years of financial services experience, specialising in risk management, investment management and corporate governance of hedge and other multi-asset funds. Paul is currently Risk Director at Crestbridge, having previously been at Brevan Howard, 2008 to 2015, where he was a member of the Manager's investment committee and sat on a number of boards. Paul has a PhD in Economics from Imperial College London.

(b) ***Senior Management***

Jason Rogers – *TruFin Chief Operating Officer*

Jason possesses over 20 years of investment banking and capital markets experience. Jason was involved with the alternative finance team at Arrowgrass Capital Partners from 2014 until its transfer to TruFin. Jason has previously worked at Bennelong Asset Management, Ruby Capital Partners, Swiss Re, Deutsche Bank and Bankers Trust. Jason has a degree in Chemical Engineering from Nottingham University.

Chris Dailey – *DFC Chief Executive Officer*

Chris has over 15 years of experience in financial services, most recently being CEO at OakNorth. He is a former leader of GE CDF EMEA business and spent four years as a member of the leadership team at Aldermore.

Neerav Soneji – *DFC Chief Financial Officer*

Neerav has spent 10 years at GE Capital in a variety of financial leadership roles, including as CFO of GE CDF. Neerav most recently led the retail finance function at Santander's UK business. Neerav qualified as a Certified Accountant.

Andrew Stafferton – *DFC Co-Founder and MD Commercial*

Andrew was a former business development leader at GE CDF, also heading up their marketing division and marine industry team. Prior to this, Andrew was head of Falcon's channel finance business and led GE CDF's ANZ platform.

John Baines – *DFC Chairman*

John has 30 years of experience in banking. He is the former CFO of Co-op Bank, Aldermore and Coutts. John has experience of retail banking, SMW, wealth management and investment banking, both overseas and in the UK. John qualified as a Chartered Accountant.

Mark Stephens – *DFC Senior Independent Director*

Mark has 30 years of experience in UK banking, and is formerly the CEO of Harrods Bank. He was previously the deputy CEO and one of the founders of Aldermore.

David Bateman – *DFC Non-Executive Director*

David held various executive positions and was a partner with Arrowgrass Capital Partners LLP, from 2007 to 2011. David is currently a director of Basware Oyj, a publicly listed Finnish technology business. David has also founded and worked as CEO in two software businesses. He has several years' experience in banking and financial services where he worked at Deutsche Bank, Swiss Re and Prime Brokerage at Merrill Lynch.

Ben Jackson – *Oxygen Finance Chief Executive Officer*

Ben has 15 years of experience in Procurement, Supply Chain and Transformation roles and has held management positions at companies including Cable & Wireless, Royal Mail, Network Rail and Fujitsu.

Sash Rana – *Oxygen Finance Chief Financial Officer*

Sash is a qualified Chartered Accountant. Since qualifying, he has worked at owner-managed businesses from start-up to exit, having successfully managed two exits before joining Oxygen Finance.

Clive Boddington – *Oxygen Finance Chief Operating Officer*

Clive has 14 years of experience at Accenture where he specialised in large scale multi-country Supply Chain and Finance transformations and has held senior management positions at Cable & Wireless and Royal Mail.

Sinead McHale – *Satago Chief Executive Officer*

Sinead has over 15 years of experience in financial services, most recently in SME financing, particularly distressed debt in the SME sector. Sinead previously worked at Deutsche Bank and Certus. Sinead holds a MSc in Strategic Management Accounting from Smurfit Business School.

Robert Mills – *Satago Chief Operating Officer*

Robert has broad experience within both the FinTech and Financial Services sectors. Robert is a qualified Chartered Accountant and holds an MBA from Saïd Business School.

Jaidev Janardana – *Zopa Chief Executive Officer*

Jaidev has 15 years of experience in consumer lending in the US and UK with Capital One.

Steve Hulme – *Zopa Chief Financial Officer*

Steve has 20 years of experience in consumer finance, with PayPal and Capital One.

15. Corporate governance and internal controls

The Directors acknowledge the importance of high standards of corporate governance and intend, given the Company's size and the constitution of the Board, to comply with the principles set out in the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

The Chairman of TruFin, Henry Kenner, will also fulfil the role of Chief Executive Officer of the Board and consequently be a part of the running of the Company's day-to-day business. It is understood that this does not comply with the QCA code, but the Directors believe it is in the best interests of the Company and its Shareholders for Henry to carry out both of these roles.

Pursuant to the Relationship Agreement, Arrowgrass has the right to nominate (i) two persons to be its Representative Directors on the Board until Arrowgrass ceases to hold an interest, either direct or indirect, in 20% or more of the aggregate voting rights in the Company from time to time; and (ii) one person to be its Representative Director on the Board until Arrowgrass ceases to hold an interest, either direct or indirect, in 10% or more of the aggregate voting rights in the Company from time to time. Whilst Arrowgrass currently has no intention to appoint a Representative Director to the Board, should it wish to do so, such appointment shall be conditional upon the appointment of a further independent Non-Executive Director of the Company in order for the Board to retain a majority of independent Non-Executive Directors at all times.

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee.

(a) ***Audit Committee***

The Audit Committee will be chaired by Penny Judd. Its other member will be Peter Whiting. The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

(b) ***Remuneration Committee***

The Remuneration Committee will be chaired by Peter Whiting. Its other member will be Steve Baldwin. The Remuneration Committee will review the performance of the Company's Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time by the Company. The remuneration and terms and conditions of appointment of the Non-Executive Directors will be set by the Board. The Remuneration Committee will meet formally at least once a year and otherwise as required.

(c) ***Nomination Committee***

The Nomination Committee will be chaired by Steve Baldwin. Its other members will be Penny Judd and Henry Kenner. The Nomination Committee will assist the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new directors, appointment of committee members and succession planning for senior management of the Company. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience of the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters. The Nomination Committee prepares a description of the role and capabilities required for a particular appointment. The Nomination Committee will meet formally at least once a year and otherwise as required.

In addition to the above committees, each of DFC, Zopa and Satago currently have risk committees in place which oversee the development, implementation and maintenance of their risk management frameworks, ensuring that their strategy, principles, policies and resources are aligned to their risk appetite, as well as to regulatory and industry best practices. The risk committees also monitor and review the formal arrangements in place in respect of internal controls and risk management framework and review the effectiveness of their systems for risk management and compliance with financial services legislation and other regulations.

16. Share dealing code

The Company has adopted, which will take effect from Admission, a dealing code for Directors and applicable employees (within the meaning given in the AIM Rules for Companies) of the Company for the purpose of ensuring compliance by such persons with the provisions of the Market Abuse Regulation relating to dealings in the Company's securities. The Directors consider that this dealing code is appropriate for a company whose shares are admitted to trading on AIM.

17. Share incentive arrangements

The Directors believe that the success of the Company will depend to a significant degree on the future performance of the Company's senior management team and therefore that it is important to ensure that the members of the senior management team are well motivated and identify closely with the success of the Company.

The Company intends to incentivise senior management by offering participation in an annual bonus plan, performance share plan (the PSP) and joint share ownership plan (the JSOP). Awards under the PSP will take the form of a grant of nil cost options, which will generally vest after a three year period, generally subject to continued employment and the achievement of performance measures. Awards under the PSP can also take the form of a grant of options with an exercise price, at the discretion of the Remuneration Committee. Awards under the PSP will normally be granted annually. The market value of shares subject to an award under the PSP in any financial year cannot generally exceed 200% of salary (other than in the limited exceptions set out in paragraph 5(a)(iv) of Part 4 of this document). PSP awards will be subject to malus and clawback provisions. The Company will grant awards on Admission to certain senior management, and further details of these awards are set out in paragraph 5(a) of Part 4 of this document. These awards will

take the form of: (i) founder awards comprising the PSP Founder Awards and the JSOP Founder Awards which will deliver a maximum of 3,407,895 Ordinary Shares, i.e. 3.5% of the Enlarged Ordinary Share Capital; (ii) PSP Market Value Awards which will deliver an interest in a maximum of 4,868,421 Ordinary Shares, i.e. 5% of the Enlarged Ordinary Share Capital; and (iii) PSP Awards which will deliver a maximum of 973,684 Ordinary Shares, i.e. 1.0% of the Enlarged Ordinary Share Capital. Certain of the awards granted on Admission to senior management will be on different terms from how the PSP would normally operate, and details of these terms are set out in paragraph 5(a) of Part 4 of this document.

Awards under the JSOP will take the form of a joint subscription for Ordinary Shares by the relevant employee and the trustee of the Company's EBT. The subscription will be on terms that the trustee of the EBT will be entitled to the market value of the Ordinary Shares as at the date of subscription, and the employee will be entitled to any increase in value of the Ordinary Shares from that date. The awards are automatically realised on vesting. On realisation, the beneficial interest in each jointly owned share will be split between the employee and the trustee of the EBT in proportion to each of their respective economic interests at that time. For example, if the trustee and employee are each entitled to half the value of the jointly owned shares that vest, they will each become beneficially entitled to half of those shares. The awards may vest on a time-based vesting schedule, or subject to achievement of performance targets. There is no individual limit on awards that can be made under the JSOP, but awards under both the JSOP and PSP will be subject to the overall limit on the number of shares that can be issued pursuant to employee share incentive arrangements over a rolling 10 year period, which is 10% of the number of Ordinary Shares in issue (subject to the exceptions set out in paragraphs 5(a)(iii) and 5(b)(iv) of Part 4 of this document). JSOP awards will be subject to malus and clawback provisions. Awards under the JSOP will be made to Henry Kenner and James van den Bergh on Admission, and further details of these awards are set out in paragraph 5(b) of Part 4 of this document.

On Admission, the trustee of the EBT and relevant JSOP Award holder will jointly subscribe for the EBT Shares equal to 3.5% of the issued share capital of the Company in consideration of the continued employment by the relevant JSOP Award holder with the Company, in connection with the above share incentive arrangements.

The Company also intends to implement incentive arrangements to incentivise senior management at Oxygen, DFC and Satago. The incentive arrangements for Oxygen will involve the issue of B shares in Oxygen Finance Group, which entitle the participants to up to 12.5% of the growth in value of Oxygen Finance Group over a set hurdle at the time of a sale or flotation of Oxygen Finance Group. The hurdle is the amount invested in Oxygen Finance Group by the Company (or any subsidiary or holding company of the Company) by way of debt or equity, increased on a compound basis by 20% on each anniversary of 25 February 2016. Further details are set out in paragraph 5(d) of Part 4 of this document. The incentive arrangements for DFC and Satago will be determined following Admission but will involve the issue of shares in those subsidiaries.

Details of these share incentive arrangements are contained in paragraph 5 of Part 4 of this document.

To further align the interests of Executive Directors and those of Shareholders, it is intended that Executive Directors will be subject to a shareholding guideline of up to 200% of salary (depending on role) which will be deemed to be satisfied in the case of the Executive Directors who are in office at the time of Admission. Future Executive Directors will have five years during which to build up the required ordinary shareholding.

The share ownership guidelines will be kept under review by the Remuneration Committee.

18. The City Code on Takeovers and Mergers

The Company is incorporated in Jersey, Channel Islands, and application has been made for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. The Takeover Code applies to all companies who have their registered office in the UK, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a stock exchange in the Channel Islands or Isle of Man or a multilateral trading facility (such as AIM). The Takeover Code is issued and administered by the Takeover Panel and governs (amongst other things) transactions involving companies to which the Takeover Code applies. The

Company is subject to the Takeover Code and therefore its Shareholders are entitled to the protection afforded by the Takeover Code.

Under Rule 9 of the Takeover Code when (i) a person acquires an interest (as defined by the Takeover Code) in shares which (taken together with shares in which he and persons acting in concert with him are interested) carry 30% or more of the voting rights of a company subject to the Takeover Code; or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the persons acting in concert with him, is normally required to make a general offer to all remaining shareholders to acquire their shares. Any such offer must be in cash, at the highest price paid by him (or any persons acting in concert with him) for any interest in shares in the company within the preceding 12 months. Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the Takeover Code. Control means an interest or interests in shares carrying, in aggregate, 30% or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

Following Admission, Arrowgrass will hold more than 50% of the voting rights attached to the Enlarged Ordinary Share Capital and it will be free to increase its aggregate holding of Ordinary Shares without any obligation to make a general offer for the Company under Rule 9 of the Takeover Code. If the holding of Arrowgrass (together with any persons acting in concert with them) falls below 50%, Arrowgrass and each individual member of its concert party group would potentially become subject to the restrictions in the Takeover Code which would prevent Arrowgrass and each member of its concert party group from then making acquisitions of shares in the Company without making a general offer for the Company under Rule 9 of the Takeover Code.

19. Jersey Companies Law

There are a number of differences between the legislation of the UK and Jersey applicable to companies incorporated in those jurisdictions which may be relevant to investors. However, provisions have been included in the Articles to confer on Shareholders certain rights and protections similar to those provided to shareholders under the Companies Act that are not provided under the Companies Law, including as described in the summary of certain provisions of the Articles set out in paragraph 3 of Part 4 of this Admission Document.

Under the Companies Law, there is no equivalent of section 551 of the Companies Act and the directors of a company do not need the sanction of the shareholders to issue and allot shares; however, in accordance with the Articles, whilst the Company is listed on AIM, the Directors must obtain such sanction prior to the issue and allotment of Ordinary Shares.

Jersey law also does not grant shareholders the benefit of pre-emption rights in relation to the allotment of new shares in a company unless otherwise specifically included in that company's articles of association. Pre-emption rights have been included in the Articles, details of which are set out in the summary of the Articles in paragraph 3 of this Part 4.

20. Taxation

General information for investors relating to Jersey taxation and UK taxation with regard to Admission and the Capital Raising is summarised in paragraphs 13 and 14 of Part 4 of this document. **Any person who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than that of Jersey and the UK, should consult his or her professional advisers. The Company is tax resident in the United Kingdom.**

21. Regulatory

Prior approval of the FCA under section 178 of FSMA, is required of any person proposing to acquire or increase "control" or a "qualifying holding" of a UK authorised person or parent undertaking of a UK authorised person. PRA approval will also be required if the UK authorised person is regulated by both the FCA and the PRA.

Although the Company is not itself a UK authorised person, it is a holding company of regulated firms and parent undertaking of AUK which is a UK authorised person regulated by the FCA.

AUK is currently authorised and regulated by the FCA as a limited permission consumer credit firm although it does not currently provide any lending to consumers under such permission. A 'qualifying holding' in respect of AUK would be a holding of 33% or more.

The Company also holds approximately 15% of the issued share capital of Zopa, which is authorised and regulated by the FCA as a full permission consumer credit firm with a change in control threshold of 20%. As such, no change in control notification is required at this level unless the Company increases its interest in Zopa above 20%. Zopa is also currently in the process of applying to the PRA for a banking licence. This would reduce the applicable threshold to 10% and require both FCA and PRA approval for a change in control.

The Company is also a parent of DFC, which is in the process of applying for a banking licence and, if successful, would qualify as a UK authorised person with a 10% change in control threshold.

As at the date of this document, any person would need to be approved by the FCA as a "controller" prior to that person and any other person with whom they are acting in concert acquiring 33% or more of the Ordinary Shares in the Company or entitling a Shareholder to exercise a significant influence over the Company. If the Company increases its holding in Zopa above 20%, acquiring more than 20% of the Ordinary Shares would require a change in control consent.

If either Zopa (for as long as the Company owns more than 10% in Zopa) or DFC obtain a banking licence, any Shareholder acquiring more than 10% of the Ordinary Shares would require a change in control consent.

The FCA has 60 working days to decide whether to approve the application from the day on which it acknowledges receipt of a completed change in control notice. The FCA may refuse to approve the purchaser or another person as a controller and/or may impose conditions on, or other restrictions on the proposed controller in connection with the application to become a controller.

Failure to obtain the required approval in relation to a change of control from the FCA and the PRA (if applicable) prior to the control occurring amounts to a criminal offence and the Company or Shareholder may be liable to pay a fine on summary conviction or indictment.

22. Further information

Your attention is drawn to Part 2 of this document which contains certain risk factors relating to any investment in the Company and to Parts 3 and 4 of this document which contain further additional information on the Company and the Capital Raising.

PART 2

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Before making an investment decision with respect to the Ordinary Shares, prospective investors should carefully consider the risks associated with an investment in the Company, the Group's businesses and the industries in which the Group operates, in addition to all of the other information set out in this document and, in particular, those risks described below.

If any of the circumstances identified in the risk factors were to materialise, the Group's businesses, financial condition, results of operations and future prospects could be adversely affected and investors may lose all or part of their investment. Certain risks of which the Directors are aware at the date of this document and which they consider material to prospective investors are set out in the risk factors below; however, further risks and uncertainties relating to the Group which are not currently known to the Directors, or that the Directors do not currently deem material, may also have an adverse effect on the Group's businesses, financial condition, results of operations and future prospects. If this occurs, the price of the Ordinary Shares may decline and investors may lose all or part of their investment. An investment in the Company may not be suitable for all recipients of this document. Potential investors are therefore strongly recommended to consult an independent financial adviser authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

For the purposes of the below Risk Factors, references to the "Group" shall include Zopa (unless the context shall otherwise require).

A. RISKS RELATING TO THE BUSINESSES OF THE GROUP

1. The Group faces risks associated with the implementation of its business strategy

The Group has a limited operating history in the UK financial services market and faces risks associated with the implementation of its strategy.

Implementing the Group's business strategy, in particular its growth strategy, requires the Directors to make complex judgements, including anticipating customer needs across a wide range of financial products, as well as anticipating and assessing competitor activity and the likely direction of a number of macro-economic assumptions regarding the UK economy and the lending sector. The Group's ability to successfully implement its strategy is also subject to execution risks, having access to sufficient capital and its management of the associated cost base and limitations in its management or operational capacity. These risks may be exacerbated by a number of external factors, including, amongst others, a downturn in the UK, European or global economies, the UK's proposed termination of its membership of the European Union, increased competition in the banking sector and/or significant or unexpected changes in regulation of the financial services sector in the UK.

Zopa is authorised and regulated by the FCA as a full permission consumer credit firm, and both Zopa and DFC are currently in the process of applying to the PRA and FCA for banking licences. Zopa's and DFC's business plans involve them obtaining banking licences, but there can be no guarantee of this. In recent years, there has been an increased focus by regulators on the appropriateness and sustainability of the business models and growth strategies of regulated firms, with regulators having the power to restrict such firms' ability to develop product areas or make material acquisitions. The regulators no longer focus exclusively on the financial strength of a regulated firm, but also consider any non-financial resources, including governance and infrastructure, available to the firm in assessing sustainability of the business model and whether it continues to meet certain regulatory conditions. If the regulators believe that a firm does not have a sustainable business model or does not meet any of the regulatory conditions, it can remove or restrict such firm's operating licences. Furthermore, regulators and other bodies in the UK and worldwide have proposed, and in many cases have adopted, a range of legislative and regulatory proposals and changes which have imposed and could impose operational restrictions on the Group in the future,

requiring the Group to raise further capital, increase the Group's expenses and/or otherwise adversely affect its businesses, financial condition, results of operations or prospects.

Moreover, firms pursuing high rates of customer acquisition and balance sheet and income growth have historically in some cases been susceptible to reduced asset quality, higher levels of impairments and increased conduct risks such as mis-selling. If the Group fails to manage these risks adequately, it could result in legal or regulatory action against the Group, reputational damage to its brand, have an adverse impact on the successful implementation of its strategy and ability to meet its cost/income, return on equity or capital targets, and/or have an adverse impact on its financial condition. Furthermore, a failure to successfully manage its business model or the implementation of its strategy for the foregoing, or any other reasons, could increase the Group's credit losses and impair the Group's ability to optimise its cost/income ratio at a key point in its development, which could, in turn, have a material adverse impact on the Group's businesses, financial condition, results of operations and prospects.

2. The Group's risk management systems and processes, and guidelines and policies may prove inadequate for the risks faced by its businesses and any failure to properly assess or manage the risks which it faces could cause harm to the Group and its business prospects

The Group will face a wide range of risks in its business activities, including, in particular:

- Strategic risk, which is the risk that can affect the Group's ability to achieve its corporate and strategic objectives;
- Credit risk, which is the risk of financial loss arising from a borrower or counterparty failing to meet its financial obligations to the Group in accordance with agreed terms;
- Capital risk, which is the risk that the Group has insufficient capital to cover regulatory requirements and/or growth plans;
- Liquidity risk, which is the risk that the Group is not able to meet its financial obligations as they fall due, or can do so only at excessive cost;
- Interest rate risk, which is the risk of loss through un-hedged or mismatched asset and liability positions sensitive to changes in interest rates;
- Market risk, which is the financial impact from movements in market prices on the value of assets and liabilities;
- Operational risk, which is the risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events; and
- Conduct risk, which is the risk of detriment caused to the Group's customers due to the inappropriate execution of its business activities and processes.

Management of such risks requires, among other things, robust systems and processes, and guidelines and policies which must be forward-looking, clearly articulated, documented and communicated throughout the business for the accurate identification and control of a large number of transactions and events. Whilst each of DFC, Zopa and Satago currently have risk committees and formal risk procedures in place which aim to manage risk effectively, the systems and processes, and guidelines and policies must be continually reviewed and updated and effectively communicated to all personnel to ensure that resources, governance and infrastructure are appropriate for the increasing size and complexity of the business.

Risk management requires senior management of the Group to make complex judgements, including decisions (based on assumptions about economic factors) about the level and types of risk that the Group is willing to accept in order to achieve its business objectives, the maximum level of risk the Group can assume before breaching constraints determined by liquidity needs and its regulatory and legal obligations, including, among others, from a conduct and prudential perspective. Given these complexities, and the dynamic environment in which the Group operates, there is a risk that the decisions made by senior management of the Group may not be appropriate or yield the results expected or that senior management

of the Group may be unable to recognise emerging risks for the Group quickly enough to take appropriate action in a timely manner.

Risk management also involves the use of risk models which are mathematical representations of business systems designed to help describe, predict, experiment with or optimise decisions and scenarios used throughout the business. There is a risk that an adverse outcome occurs as a direct result of weaknesses or failures in the design or use of any such a model.

Furthermore, the Group has a limited operating history and, consequently does not have a long track record on which it can assess the performance of its systems and processes or the analysis of those systems' output. While the Group has guidelines, policies and contingency plans to manage such risks, they may not prove to be adequate in practice.

If the Group is unable to implement its business strategy or effectively manage the risks it faces, its reputation, its businesses, financial condition, results of operations and prospects could be materially adversely affected.

3. The Group's businesses and financial performance have been and will continue to be primarily affected by general economic conditions in the UK

The Group's businesses and financial performance have been and will continue to be primarily affected by general economic conditions in the UK given that the Group's businesses are almost entirely conducted with customers in the UK. Adverse developments in the UK or the Eurozone or other global economic and financial markets could have a material adverse effect on its businesses, results of operations, financial condition and prospects.

The Group's businesses are subject to inherent risks from general macro-economic conditions in the UK and the state of the global economic and financial markets both generally and as they specifically affect financial institutions. Since the start of the global financial crisis in 2008, the UK economy has experienced a significant degree of turbulence and a period of recession, adversely affecting, among other things, the conditions in the housing market, levels of unemployment, the cost and availability of credit, and the liquidity of the capital markets.

While certain economic indicators in the UK have exhibited signs of improvement, there continues to be uncertainty regarding a sustained recovery, including as a result of the UK's proposed termination of its membership in the European Union, and the outlook for the UK economy in the near to medium term remains challenging, with many forecasts predicting only modest levels of gross domestic product growth. As the Group's operations are based entirely in the UK and, accordingly, its revenue is derived almost entirely from UK customers, the Group is particularly exposed to macro-economic conditions in the UK. If the UK economic condition weakens, or if financial markets exhibit uncertainty and/or volatility, the Group's impairment losses may increase and its ability to grow its business could be materially adversely impacted. Poor economic conditions in the UK could also create uncertainty in relation to the cash flows of the Group's borrowers, their ability to repay loans and the value of their collateral. In addition, any weakening of economic conditions in the UK could have an adverse impact on consumer confidence, spending and demand for credit, which could materially adversely affect the Group's businesses, financial condition, results of operations and prospects.

In addition, prevailing economic conditions in the Eurozone, including the possibility of further macroeconomic deterioration and/or any continuing or worsening of financial market instability, may pose a risk to the Group's businesses, despite the Group having only a limited direct financial exposure to the Eurozone.

Market turmoil and economic volatility, especially in the UK (but also in the Eurozone or wider global economy), could have a material adverse effect on the liquidity, business and financial condition of the Group's customers, affect consumer confidence, spending, demand for credit and appetite for financial exposure, which could, in turn, impair its loan portfolio. While the Directors have policies and procedures in place designed to allow the Group to mitigate any adverse consequences of such impairments, these policies and procedures have not been subjected to an actual downturn or period of severe stress and

therefore may prove to be ineffective. Worsening economic and market conditions may lead to subdued levels of business investment in the UK, which could result in reduced demand for the Group's products. A deterioration of economic and market conditions could result in increased loan losses from SME and retail consumers, who are particularly sensitive to adverse developments in the economy and/or reduce the Group's willingness to lend. In particular, Zopa provides a range of unsecured retail consumer lending products, repayment of which are more sensitive to increased levels of unemployment. Any such circumstances could adversely affect the Group's businesses, financial condition, results of operations and prospects.

4. The Group is subject to risks concerning customer and counterparty credit quality

The Group has exposure to many different products, counterparties and obligors whose credit quality (in addition to their capital position and liquidity) can have a significant adverse impact on the Group's earnings and the value of assets on the Group's balance sheet. As part of the ordinary course of its operations, the Group articulates its credit risk appetite as well as estimates provisions for credit risks based on the potential credit losses inherent in these exposures. This process, which is critical to the Group's results and financial condition, requires complex judgements, including forecasts of how changing macro-economic conditions might impair the ability of customers to repay their loans. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors, which could adversely affect the Group's businesses, financial position, results of operations and prospects.

Further, there is a risk that, despite the Directors' belief that the Group conducts an accurate assessment of customer credit quality, customers might be unable to meet their commitments as they fall due as a result of customer-specific circumstances, macro-economic disruptions or other external factors. Although the Directors are comfortable with the Group's current default rates, higher levels of failure of customers to meet their commitments as they fall due may result in higher impairment charges or a negative impact on fair value in the Group's lending portfolio. A deterioration in customer credit quality and the consequent increase in impairments would have a material adverse impact on the Group's businesses, financial condition, results of operations and prospects.

5. DFC's and Zopa's businesses are subject to inherent risks relating to the cost and availability of liquidity and funding

Financial institutions such as DFC and Zopa are subject to liquidity risk as an inherent part of their business. If DFC and Zopa are successful in obtaining banking licences, they intend to raise funds principally through accepting retail and SME deposits. However, their funding needs may increase and/or their funding structure may not continue to be efficient, which may give rise, in both cases, to a requirement to make use of central bank funding and wholesale funding markets.

The availability of retail and SME deposit funding may be impacted by increased competition from other deposit-takers or factors that constrain the volume of liquidity in the market. In addition, DFC's and Zopa's ability to access retail and SME funding sources on satisfactory economic terms will be subject to a variety of factors, a number of which are outside their control, including, among others, liquidity constraints, general market conditions, increased competition, regulatory requirements and a loss of confidence in the UK banking system.

If DFC and Zopa are successful in obtaining banking licences and access to retail and SME deposit funding is constrained for a prolonged period of time, or there is a restriction on access to liquidity through central bank funding and the wholesale funding markets were to be fully or partially closed, DFC's and Zopa's cost of funding could increase and it may prove difficult to obtain funding on commercially attractive terms or at all. This could have a negative impact on each of DFC's and Zopa's ability to grow and their respective margins and profit, materially adversely affecting their respective businesses, financial condition, results of operations and prospects.

As part of the Group's business plan, DFC intends to seek a further £60 million of funds from Citi to capitalise its balance sheet and, based on discussions held at the time the facility was entered into, the

Directors believe DFC should be able to extend the existing facility by this amount. The Directors cannot guarantee that this funding will be made available by Citi or any other lender on acceptable terms or at all, which could materially adversely affect DFC's business, financial condition, results of operations and prospects.

Investors should note that extreme market disruptions, such as the severe dislocation experienced in credit markets following the onset of the global financial crisis in 2008, a prolonged and severe restriction on DFC's and Zopa's access to liquidity and a prolonged and severe decline in consumer confidence which could result in high levels of withdrawals from DFC's and Zopa's proposed retail and SME deposit base if they obtain banking licences, could affect DFC's and Zopa's future abilities to meet their regulatory minimum liquidity requirements, or to fulfil their financial and lending commitments. Though the Directors believe that DFC and Zopa will have adequate liquidity headroom in the event they obtain banking licences, if such severe dislocation were to recur, DFC and Zopa may not be in a position to continue their respective operations without additional funding support. Any inability to access such support could have a material impact on DFC's and Zopa's solvency.

6. Concentration of risks could increase the Group's potential for significant losses

The Group's businesses are almost entirely conducted with customers in the UK. In the event of a disruption to the UK credit markets or general economic conditions in the UK or macro-economic conditions generally (including increased interest rates and/or unemployment in regions where the Group has significant presence), this concentration of credit risk could cause the Group to experience significant losses.

The Group regularly monitors its credit portfolios to assess potential concentration risk, but efforts to diversify and manage the Group's credit portfolio against concentration risks may not be successful, which could have a material adverse impact on its businesses, financial condition, results of operations and prospects.

7. The Group operates in a highly regulated industry and any regulatory non-compliance or a change in regulations could have a material adverse effect on the Group

The financial services industry is highly regulated and continuing compliance with applicable regulations is costly. AUK's, Zopa's and DFC's current and proposed activities are regulated primarily by the FCA and are dependent on FCA authorisation to carry on such activities. In addition, DFC and Zopa are applying for authorisation from the PRA to operate as banks. The PRA has wide powers to apply banking regulatory requirements across group companies. Whilst the Company does not currently expect the PRA to impose banking regulatory requirements on the Group, were that to happen then this would require the Group to comply with onerous requirements relating to the maintenance of regulatory capital and minimum liquidity requirements and operational risk control requirements and limits on remuneration for senior executives which would have a material adverse impact on the business.

The FCA and PRA have broad regulatory powers dealing with all aspects of financial services, including the authority to make enquiries of companies regarding compliance with applicable regulations, to grant and, in specific circumstances, to vary or cancel permissions and to regulate marketing and sales practices, advertising and the maintenance of adequate financial resources. The regulatory environment in which the Group operates frequently changes and has seen significant increased regulation in recent years, and it is expected that this trend will continue for the foreseeable future. Areas where regulatory changes could have an adverse effect on the Group's businesses include, but are not limited to:

- general changes in UK Government, central bank or regulatory policy, or changes in regulatory regimes, including changes that apply retroactively, that may influence customer decisions in particular markets in which the Group operates, which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;
- external bodies applying or interpreting standards or laws in a manner that is different to how the Group applies or interprets them;

- one or more of the Group's regulators intervening to mandate the pricing of certain of the Group's products as a consumer protection measure;
- one or more of the Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;
- changes in competitive and pricing environments;
- further requirements relating to financial reporting, corporate governance and conduct of business and employee compensation;
- changes to regulation and legislation relating to public sector spending and payment terms;
- changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;
- influencing business strategy, particularly the rate of growth of the business; and
- imposing conditions on the sales and servicing of products, which has the effect of making such products unprofitable or unattractive to sell.

The Group may be materially adversely affected as a result of new or revised legislation or regulations or by changes in the interpretation or enforcement of existing laws and regulations, and changes to the regulatory environment could also increase the compliance costs of the Group. By way of example, the FCA have recently extended the scope of the senior managers and certification regime which requires all managers of authorised firms to be approved by the FCA and to comply with certain conduct rules. These changes apply to the Company's FCA authorised subsidiaries. A substantial change in the regulatory environment for the financial services industry could have a material adverse effect on the Group's businesses, results of operations, financial condition and prospects.

8. Applicable regulatory requirements in the UK may delay, deter or prevent any future change of control of the Group

Prior approval of the FCA under section 178 of FSMA is required of any person proposing to acquire or increase "control" or a "qualifying holding" of a UK authorised person or parent undertaking of a UK authorised person. PRA approval is also required if the UK authorised person is regulated by both the FCA and the PRA. Although the Company is not itself a UK authorised person, it is a holding company of regulated firms and a parent undertaking of AUK which is a UK authorised person regulated by the FCA. A 'qualifying holding' in respect of AUK would be a holding of 33% or more.

The Company also holds approximately 15% of the issued share capital of Zopa, which is authorised and regulated by the FCA as a full permission consumer credit firm with a change in control threshold of 20%. As such, no change in control notification is required at this level unless the Company increases its interest in Zopa above 20%. Zopa is also currently in the process of applying to the PRA for a banking licence. This would qualify Zopa as a UK authorised person with an applicable change of control threshold of 10% and require both FCA and PRA approval for any such change in control.

The Company is also a parent of DFC, which is in the process of applying for a banking licence and, if successful, would qualify as a UK authorised person with a 10% change in control threshold.

As at the date of this document, any person would need to be approved by the FCA as a "controller" prior to that person and any other person with whom they are acting in concert acquiring 33% or more of the Ordinary Shares in the Company or entitling a Shareholder to exercise a significant influence over the Company. If the Company increases its holding in Zopa above 20%, acquiring more than 20% of the Ordinary Shares would require a change in control consent.

If either Zopa (for as long as the Company owns more than 10% in Zopa) or DFC obtain a banking licence, any Shareholder acquiring more than 10% of the Ordinary Shares would require a change in control consent.

Where Shareholders are "acting in concert" the total percentage of the voting power held by the Shareholders will be amalgamated and considered together for the purposes of the above thresholds.

The FCA has 60 working days to decide whether to approve the application from the day on which it acknowledges receipt of a completed change in control notice. The FCA may refuse to approve the purchaser or another person as a controller and/or may impose conditions on, or other restrictions on the proposed controller in connection with the application to become a controller.

Failure to obtain the required approval in relation to a change of control from the FCA and the PRA (if applicable) prior to the control occurring amounts to a criminal offence and the Company or Shareholder may be liable to pay a fine on summary conviction or indictment.

These laws may change and may, in their current or any future form, discourage potential future acquisition proposals and may delay, deter or prevent potential acquirers of Ordinary Shares which may, in turn, reduce the value of the Ordinary Shares.

9. Dependence on key executives and personnel

The Group's future success is substantially dependent on the continued services and performance of its Executive Directors and the senior management of the Group and its ability to attract and retain suitably skilled and experienced personnel. The loss of the services of any of the Executive Directors, members of the Group's senior management or other key employees or the loss of experience, skills or key customer relationships of such personnel could have a material adverse effect upon the Group's businesses, results of operations and prospects. Finding and hiring any such replacements could be costly or may not be available and this could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

10. The influence and control of the Group over Zopa is limited and their interests may not align

Given that the Group holds a minority voting interest in Zopa and does not have a representative on the board of Zopa, it will not typically be able to exercise control over any of the affairs of Zopa. Further, if Zopa raises capital by way of an issue of shares, the Group may face dilution if it does not participate in such financing. In addition, Zopa has, and is entitled to put in place, employee share plans which may dilute the Group's interest in Zopa.

If the business or other affairs of Zopa is conducted in a manner that is detrimental to the interests or intentions of the Group, or the Group is forced to exit its investment in Zopa on a sale of Zopa, is unable to realise its investment, or suffers a dilution of its interest in Zopa, this may have a material adverse effect on the Group's businesses, financial condition, results of operations and future prospects.

11. Disruption or failure of key systems, the internet or other technology

The Group's businesses are dependent on various key systems, the internet and other technologies. Shutdowns or service disruptions caused by events such as criminal activity, sabotage or espionage, computer viruses, hacking and other cyber-security attacks, fraudulent activity, router disruption, automated attacks such as denial of service attacks, power outages, natural disasters, accidents, terrorism, equipment failure or other events within or outside the Group's control could adversely affect the Group and its customers. Furthermore, such attacks cannot always be immediately detected, which means that the Group may not be in a position to address promptly the attacks or to implement adequate preventative measures. Such events could result in significant expenditures being necessary to recover data, or repair or replace such networks or information systems or to protect them from similar events in the future. There is a risk that a significant outage or damage to key systems, the internet and other technologies could adversely impact the services the Group is able to provide to its customers. Significant incidents could result in a disruption of parts of the Group's businesses, consumer dissatisfaction, damage to the Group's brands, legal costs or liability, and a loss of customers or revenues and affect the Group's financial condition and prospects.

12. The Group is subject to increasingly complex privacy and data protection laws and may be subject to privacy or data protection failures

The Group's operations are subject to a number of laws relating to privacy and data protection, including the UK's Data Protection Act 1988 as well as other relevant data protection and privacy laws and regulations. Such laws and regulations govern the Group's ability to collect and use personal information. These data protection and privacy-related laws and regulations are becoming increasingly restrictive and complex and may result in greater regulatory oversight and increased levels of enforcement and sanctions. For example, the European Union's General Data Protection Regulation will come into force on 25 May 2018 and will be a major reform of the EU legal framework on the protection of personal data. This increasingly restrictive and complex legal framework has resulted in a greater compliance burden for businesses with customers in Europe. The Group has incurred, and will continue to incur, costs and effort to ensure compliance with the General Data Protection Regulation and this could further increase compliance costs for the Group going forward. In addition, evolving and changing definitions of personal data and personal information within the European Union and elsewhere, especially relating to classification of Internet Protocol ("IP") addresses, machine identification, location data, and other information, may limit or inhibit the Group's ability to operate or expand its business, including limiting strategic partnerships that may involve the sharing of data. Even the perception of privacy concerns, whether or not valid, may harm the Group's reputation and inhibit adoption of the Group's products by current and future end customers.

The Group will rely on third party contractors and its own employees to collect personal data and to maintain its databases and the Group seeks to ensure that procedures are in place to ensure compliance with the relevant data protection regulations by its employees and any third party service contractors, and also implements security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that such data could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of data protection requirements. The Group could also be targeted by forms of fraudulent activity.

If the Group is found not to comply with the data protection laws and regulations (including the General Data Protection Regulation once in force) this may result in investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK and/or claims (including possible class actions) being brought against it by affected customers. This in turn could damage the Group's reputation, lead to negative publicity and result in the loss of the goodwill of its existing customers and deter new customers, all of which would have a material adverse effect on the Group's businesses, results of operations, financial condition and prospects.

13. Undetectable defects in the software provided by the Group

Certain of the Group's businesses, in particular Satago and Oxygen Finance, involve providing customers with reliable software. If the software contains undetected defects when first introduced or when upgraded or enhanced, the Group may fail to meet its customers' requirements or otherwise satisfy the contract specifications, it may lose customers and/or may become liable to them for damages and this may expose the Group to, amongst other things, damage to its reputation. Whilst the Group endeavours to negotiate limitations on its liability in its customer contracts and/or, where possible, seeks to ensure that the Group can claim against its suppliers (where relevant) in respect of any loss it suffers as a result of a customer's claim, this is not always commercially possible and, where it is, may still leave the Group with a residual liability, the loss of a customer, a reduction in business from any particular customer, negative publicity, reduced prospects and/or a distraction to its management team. Any of these eventualities could have a material adverse effect on the Group's businesses, results of operations, financial condition and prospects.

14. Technological innovation

The success of certain businesses within the Group, in particular Satago and Oxygen Finance, depends on their ability to enhance their existing solutions and to develop, introduce and deliver compelling new solutions and enhanced performance features and functionality on a timely basis at competitive prices. The Group's inability, for technological or other reasons, to enhance, develop, introduce or deliver compelling services in a timely manner, or at all, in response to changing market conditions, technologies or consumer

expectations could harm operating results or could result in its services becoming obsolete. The Group's ability to compete successfully will depend to a great extent on its ability to adapt to technological changes and advances in the industry, including providing for the continued compatibility of its technology platform with evolving industry standards and protocols.

New products and technologies arise constantly, which together with the development of existing products and technologies, could render obsolete the products and services certain businesses in the Group offer and the technologies they use. In addition, products and technologies which result in a more widely accepted acceleration of payments could have a material adverse effect on certain of the Group's businesses, results of operations, financial condition and prospects. The Group may incur unforeseen costs due to technological change. An increase in the level of capital expenditure would adversely affect the Group's free cash flow.

15. The Group is subject to significant competition, which may increase

The Group currently competes, and will compete, with a number of competitors, some of which have greater financial, marketing and other resources than the Group. These competitors may seek to develop products which more successfully compete with the Group's current product range and they may also adopt more aggressive pricing policies, thereby potentially applying downward pressure on the Group's pricing models, or undertake more extensive marketing and advertising campaigns. The Group's customers may also consider carrying out some of the services in-house which some of the Group's businesses offer.

The Group's competitors may be able to respond more quickly to new or emerging technologies, changes in customer requirements and/or demands, or to devote greater resources to the development, promotion and sales of their products and services than the Group can. Some competitors are sub-market specialists, with deep and specific knowledge of niche sectors of the market. This may have a negative impact on sales volumes or profit margins achieved by the Group in the future. The Group would face an increase in competition if existing competitors further developed their product ranges or if there were new entrants to the market with comparable or competitively superior products, or if there is further consolidation in the sector in which the Group will operate.

16. The Group could be negatively affected by any actual or perceived deterioration in the soundness of other financial institutions and counterparties

Given the high level of interdependence between financial institutions, the Group will continue to be subject to the risk of actual or perceived deterioration in the commercial and financial soundness of other financial services institutions. Within the financial services industry, the default by any one institution could lead to defaults by other institutions. Concerns about, or the deterioration of, one institution could lead to significant liquidity problems, losses or defaults by other institutions, as was the case after the insolvency of Lehman Brothers in 2008, because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived deterioration or lack of creditworthiness of, or questions about, a financial institution may lead to market-wide liquidity problems and losses or defaults by the Group or by other institutions.

This risk is sometimes referred to as "systemic risk" or "contagion" and may materially adversely affect financial intermediaries, such as clearing agencies, clearing houses and banks. Systemic risk could have a material adverse effect on the Group's ability to raise new funding and on its businesses, financial condition, results of operations, liquidity and prospects.

Any actual or perceived deterioration in the soundness of other independent specialist banks may also affect perceptions of the commercial and financial soundness of the independent specialist banking sector as a whole, including the Group. This could have a material adverse effect on the Group's ability to raise new funding and on its businesses, financial condition, results of operations, liquidity and prospects.

17. Damage to the Group's reputation could cause harm to its prospects

The Group's business prospects could be adversely affected to the extent it fails to address, or appears to fail to address, various issues that could give rise to reputational risk. Reputational issues could result from a number of factors, including, but not limited to:

- poor customer service;
- failing to appropriately address potential conflicts of interest;
- breaching or facing allegations of having breached legal and regulatory requirements (including money laundering and anti-terrorism financing requirements and capital adequacy requirements);
- acting or facing allegations of having acted unethically (including having adopted inappropriate sales and trading practices);
- failing or facing allegations of having failed to maintain appropriate standards of customer privacy, customer service and record-keeping;
- technology failures, particularly those that impact customer services and accounts;
- failing to properly identify conduct, legal, reputational, credit, liquidity and market risks inherent in the products it offers;
- generally poor company performance;
- risk of association in respect of issues being faced by competitors or the banking industry generally, which may or may not be directly applicable to the Group;
- negative publicity in relation to any business or pricing strategies of the Group; and
- negative reporting and wide dissemination of issues relating to the Group by the media, including social media.

A failure to adequately address these or any other relevant issues could make customers, potential depositors and investors unwilling to do business with the Group and could damage its relationships with its regulators, any of which could materially adversely affect its businesses, financial condition, results of operations and prospects.

18. Failure by the Group to maintain sufficient levels of customer support and customer service

Once Satago's and Oxygen Finance's software is deployed on customers' IT systems, networks and devices, such customers depend on Satago's and Oxygen Finance's technical support services to resolve any issues relating to the software. If Satago and Oxygen Finance do not effectively assist customers to deploy the software, quickly resolve post-deployment issues, or provide effective ongoing support, their ability to sell additional products and services to existing customers would be adversely affected and the Group's reputation with potential customers could be damaged. Furthermore, the failure of customers to use Satago's and Oxygen Finance's software correctly, or Satago's and Oxygen Finance's failure effectively to assist customers in installing and configuring their software and providing effective ongoing support, may result in an increase in the vulnerability of customers' IT systems and sensitive business data.

In addition, to the extent that the Group is unsuccessful in hiring, training, and retaining adequate support resources, the Group's ability to provide adequate and timely support to customers will be negatively impacted, and customer satisfaction will be adversely affected. The Group's failure to provide and maintain high quality support services and maintain appropriate standards of customer service, especially as the Group's business grows, could lead to a reduction in customers and ultimately have a material adverse effect on the Group's businesses, results of operations, financial condition and prospects.

19. Customer contracts and dependence on key customers

Oxygen Finance has significant contracts and long-term relationships with a number of key customers, some of which may be terminated without cause or on written notice during their term, subject to an early termination payment by the customer. In addition, DFC has contracts with a number of key manufacturers, which often may be terminated on written notice following an initial 12 month period.

Although the Board do not consider it likely that any such contracts will be terminated or will not be renewed on the same or more favourable terms, the Directors cannot guarantee that the relevant parties' commercial position or market conditions will not alter their position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the financial position and future prospects of the Group. Any deterioration of the Group's relationship with any key customers, or the loss of orders (or a reduction in the gross or net margin in respect of the orders) from key customers, could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

20. Acquisitions by the Company

Although the Company has identified a number of potential investment opportunities, there can be no assurance that the Company will be able to conclude agreements with any target business and/or shareholders in the future. In addition, the Company may not be able to raise the additional funds required to acquire any target business and fund its working capital requirements.

Prior to making or proposing any investment, the Company intends to undertake due diligence on potential acquisition targets to a level considered reasonable and appropriate by the Company on a case by case basis. However, these efforts may not reveal all facts or circumstances that would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Company will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence process. Further, the Company may not have the ability to review all documents relating to the target company and assets. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment. Any failure to reveal all material facts or circumstances relating to a potential investment may have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

21. UK's proposed termination of its membership of the European Union

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. Whilst most of the Group's businesses are currently within the United Kingdom, its long term strategy is to grow its businesses in a number of countries in the European Union. There are significant uncertainties in relation to the terms and time frame within which such an exit will be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary and regulatory landscape in the UK, including inter alia, the UK's tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments will impact on the economy in the UK and the future growth of its various industries and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the UK to leave could result in other member states re-considering their respective membership of the European Union. Although it is not possible to predict fully the effects of the UK's exit from the European Union, any of these risks could have a material adverse impact on the Group's businesses, financial condition, results of operations and prospects.

22. Material litigation, claims or arbitration or legal uncertainties

The Group is not engaged in any material litigation, claim and arbitration, either as claimant or defendant, that has or could have a material effect on its financial position and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Group's position or businesses. However, there can be no assurance that

there will be no such proceedings in the future that could affect the reputation, businesses or performance of the Group.

23. The Group's insurance coverage may not be adequate to cover all possible losses that it could suffer and its insurance costs may increase

The Group seeks to maintain comprehensive insurance coverage at commercially reasonable rates. Although the Group carries business interruption, building and contents, director and officer and employer's insurance to cover certain risks, its insurance policies do not cover all types of losses and liabilities and are subject to limits and excesses. There can be no assurance that the Group's insurance will be sufficient to cover the full extent of all losses or liabilities for which it is insured and the Group cannot guarantee that it will be able to renew its current insurance policies on favourable terms, or at all.

24. The Group is subject to changes in taxation laws

The Group's activities are conducted in the UK, and consequently, it is subject to a range of UK taxes. Revisions to tax legislation or to its interpretation (including any further tax legislation which may apply to the Group if Zopa and/or DFC successfully obtain banking licences) could result in increased tax rates (including in relation to UK corporation tax rates) or additional taxes.

Adverse changes in tax laws, and any other reform amendment to, or changes in the interpretation or enforcement of, applicable tax legislation that negatively impact the Group or its customers could have a material adverse effect on the Group's businesses, financial condition, results of operations and future prospects.

25. Jersey company law

The Company is a company incorporated in Jersey. Accordingly, UK legislation regulating the operations of companies does not generally apply to the Company. In addition, the laws of Jersey apply with respect to the Company and these laws provide rights, obligations, mechanisms and procedures that do not apply to companies incorporated in the UK. As the rights of Shareholders are governed by Jersey law and the Articles, these rights differ in certain respects from the rights of shareholders in the UK and other jurisdictions.

B. RISKS RELATING TO ADMISSION AND THE ORDINARY SHARES

1. The Company has a controlling shareholder

Immediately following Admission, Arrowgrass will own approximately 73.1% of the Enlarged Ordinary Share Capital. As a result, Arrowgrass will be able to exercise significant influence to pass or veto matters requiring Shareholder approval, including future issues of Ordinary Shares and the election of Directors and to veto or seek to approve fundamental changes of business. This concentration of ownership may have the effect of delaying, deferring, deterring or preventing a change in control, depriving Shareholders of the opportunity to receive a premium for their Ordinary Shares as part of a sale of the Company. The interests of Arrowgrass may not necessarily be aligned with those of the other Shareholders. Accordingly, Arrowgrass could influence the Group in a manner that may not be in the interests of other Shareholders. For example, Arrowgrass can prevent special resolutions of the Company being passed and can approve ordinary resolutions of the Company without the assent of any other Shareholders. The concentration of ownership could also affect the market price and liquidity of the Ordinary Shares, and any acquisition of further Ordinary Shares by Arrowgrass could reduce the liquidity of the Ordinary Shares even further. If Arrowgrass seeks to influence the Group in a manner that may not be in the interests of other Shareholders, the Group, results of operations, financial condition and prospects, and the trading price of the Ordinary Shares could be adversely affected.

2. Investment in AIM-listed securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in the Ordinary Shares

may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

3. Share price volatility and liquidity

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some of which are specific to the Company and its operations and some of which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

4. Dividends

The Directors' current intention is that, for the foreseeable future, the earnings of the Group will be reinvested in the business in order to fund the Group's ongoing growth strategy. In the future, if it is commercially prudent to do so, the Board may consider the payment of a dividend. There can, however, be no assurance as to the level of future dividends. The Company's ability to pay dividends in the future depends, amongst other things, on the Company's financial performance and solvency position and is therefore not guaranteed. In particular, before any dividend can be paid by the Company, Companies Law requires that the Directors who are to authorise the dividend must make a solvency statement in respect of the dividend in the prescribed form. In effect, the solvency statement is a 12 month forward-looking cash flow test. Therefore, if at the time any dividend is to be authorised, or at any time before any dividend is to be made, the directors who are to authorise the dividend do not make the required solvency statement, then no dividend may be paid to Shareholders.

5. Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

6. Being a public company

The Company expects that the obligations of being a public company, including public reporting and investor relations obligations, will require new expenditures, place new demands on the Company's management and will require the hiring of additional personnel.

PART 3

FINANCIAL INFORMATION ON THE TRUFIN OPCO GROUP

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13 February 2018

Dear Sirs

TruFin Plc

We report on the financial information relating to the TruFin OpCo Group for the twelve months ended 31 December 2016 and the six months ended 30 June 2017 set out in Part 3 of the AIM admission document dated 13 February 2018 of TruFin plc (the "Company" and, together with its subsidiaries, the "Group") (the Admission Document"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that requirement and for no other purpose.

We have not audited or reviewed the financial information for the six months ended 30 June 2016 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation as applied by Paragraph (a) of Schedule Two to the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the TruFin OpCo Group as at 31 December 2016 and 30 June 2017 and of its profits, cash flows and changes in equity for the twelve months ended 31 December 2016 and the six months ended 30 June 2017 in accordance with the basis of preparation set out in Note 1 to the financial information.

Declaration

For the purposes of Paragraph (a) of Schedule Two to the AIM Rules for Companies, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two to the AIM Rules for Companies.

Yours faithfully

Deloitte LLP

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HISTORICAL FINANCIAL INFORMATION OF THE TRUFIN OPCO GROUP
FOR THE YEAR ENDED 31 DECEMBER 2016 AND SIX MONTHS ENDED 30 JUNE 2017

Combined income statement and statement of comprehensive income

	Note	*For the 6 months ended 30 June 2017 £'000*	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Interest and similar income		204	54	92
Interest and similar expenses		(350)	–	–
Net interest income		(146)	54	92
Fee income	3	1,279	474	1,445
Fee expenses		(143)	(355)	(504)
Net fee income		1,136	119	941
Revenue		**990**	**173**	**1,033**
Staff costs	5	(3,601)	(1,922)	(3,962)
Other operating expenses		(1,128)	(500)	(1,900)
Operating (loss) before share of loss from joint venture		**(3,739)**	**(2,249)**	**(4,829)**
Share of loss of joint venture accounted for using the equity method		(582)	(975)	(1,732)
Operating loss		**(4,321)**	**(3,224)**	**(6,561)**
Provision for commitments and other liabilities	6	–	(92)	(214)
Net impairment loss on financial assets		(20)	–	–
Depreciation		(14)	(15)	(30)
Exceptional expenses	7	(329)	(236)	(1,164)
Loss before tax		**(4,684)**	**(3,657)**	**(7,969)**
Taxation	9	242	3,792	4,348
(Loss)/profit for the period		**(4,442)**	**225**	**(3,621)**
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translating foreign operations		57	(67)	(39)
Gains/(losses) on FVTOCI investments		22	(4,440)	(9,740)
Other comprehensive income/(loss) for the year, net of tax		**79**	**(4,507)**	**(9,779)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(4,363)**	**(4,282)**	**(13,400)**
Profit attributable to:				
Owners of TruFin OpCo Group		(4,115)	225	(3,507)
Non-controlling interests		(327)	–	(114)
		(4,442)	**225**	**(3,621)**
Total comprehensive income attributable to:				
Owners of TruFin OpCo Group		(4,036)	(4,282)	(13,286)
Non-controlling interests		(327)	–	(114)
		(4,363)	**(4,282)**	**(13,400)**

Combined statement of financial position

	Note	*30 June 2017 £'000*	*31 December 2016 £'000*
Assets			
Non-current, non-financial assets			
Intangible assets	10	500	–
Contract assets	10	125	–
Property, plant and equipment	11	85	67
Deferred tax asset	9	4,567	4,322
Total non-current, non-financial assets		5,277	4,389
Financial assets			
Cash and cash equivalents		13,556	6,690
Loans and advances to customers	14	11,410	870
Other investments	13	33,922	33,900
Investment in joint venture	12	–	582
Total financial assets		58,888	42,042
Other assets			
Trade receivables	15	594	445
Other receivables	15	610	649
Total other current assets		1,204	1,094
Total assets		65,369	47,525
Equity and liabilities			
Equity			
Issued share capital	16	2,974	2,202
Share premium	16	43,148	31,249
Retained earnings		(3,552)	541
Foreign exchange reserve		18	(39)
Non-controlling interest	20	413	547
Total equity		43,001	34,500
Liabilities			
Non-current liabilities			
Borrowings	17	2,626	–
Total non-current liabilities		2,626	–
Current liabilities			
Borrowings	17	16,018	11,900
Trade and other payables	18	3,425	826
Provision for commitments and other liabilities	6	299	299
Total current liabilities		19,742	13,025
Total liabilities		22,368	13,025
Total equity and liabilities		65,369	47,525

Combined statement of cash flow

	For the 6 months ended 30 June 2017 £'000	*For the year ended 31 December 2016 £'000*
Cash flows from operating activities:		
Loss before income tax	(4,684)	(7,969)
Adjustments for		
Depreciation of property, plant and equipment	14	30
Amortisation of intangible fixed assets	30	–
Impairment	20	–
Loss on disposal of property, plant and equipment	–	18
Interest	350	–
Foreign exchange losses/(gains)	58	(39)
Share of loss in joint venture	582	1,732
	(3,630)	(6,228)
Operating balances and working capital:		
Increases in loans and advances to customers	(11,998)	(58)
Loans repaid by customers	3,478	1,050
Increase in trade and other receivables	(2,152)	(613)
Increase in trade and other payables	2,356	(911)
	(8,316)	(532)
Tax paid	–	–
Net cash used in operating activities	(11,946)	(6,760)
Cash flows from investing activities:		
Cash inflows arising on combination	–	126
Additions to intangible assets	(656)	–
Additions to property, plant and equipment	(32)	(60)
Net cash (used in)/generated from investing activities	**(688)**	**66**
Cash flows from financing activities:		
Issue of ordinary share capital	–	3,309
Issue of preference share capital	3,500	–
Repayment of borrowings	–	(2,000)
New borrowings	16,000	9,900
Net cash used in financing activities	**19,500**	**11,209**
Net increase in cash and cash equivalents	**6,866**	**4,515**
Cash and cash equivalents at beginning of the period	6,690	2,175
Effect of exchange rate fluctuations on cash held		
Cash and cash equivalents at end of the period	**13,556**	**6,690**

Combined statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Foreign exchange reserve £'000*	*Total £'000*	*Non-controlling interest £'000*	*Total equity £'000*
Balance at 1 January 2016	–	–	40,357	–	40,357	–	40,357
Comprehensive income							
Total comprehensive profit/(loss)	–	–	(3,507)	–	(3,507)	(114)	(3,621)
Revaluation of investment	–	–	(9,740)	–	(9,740)	–	(9,740)
Foreign exchange difference on translation of foreign operations	–	–	–	(39)	(39)	–	(39)
Arising on combination	2,202	31,249	(26,569)	–	6,882	661	7,543
Balance at 31 December 2016	2,202	31,249	541	(39)	33,953	547	34,500

For the six month period ended 30 June 2017

	Share capital £'000	*Share premium £'000*	*Retained earnings £'000*	*Foreign exchange reserve £'000*	*Total £'000*	*Non-controlling interest £'000*	*Total equity £'000*
Balance at 1 January 2017	**2,202**	**31,249**	**541**	**(39)**	**33,953**	**547**	**34,500**
Comprehensive income							
Total comprehensive profit/(loss)	–	–	(4,115)	–	(4,115)	(327)	(4,442)
Revaluation of investment	–	–	22	–	22	–	22
Foreign exchange difference on translation of foreign operations	–	–	–	57	57	–	57
Conversion of promissory note into shares	1	11,899	–	–	11,900	–	11,900
Capital contribution in relation to the issue of preference shares	771	–	–	–	771	193	964
Balance at 30 June 2017	**2,974**	**43,148**	**(3,552)**	**18**	**42,588**	**413**	**43,001**

Share capital

Share capital represents the nominal value of equity share capital issued.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at a premium, net of associated share issue costs.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses recognised in the combined statement of comprehensive income.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences which arise on combination from the translation of the financial statements of foreign subsidiaries.

Notes to the combined financial information

1. Summary of significant accounting policies

General information

The TruFin OpCo Group is the combination of Oxygen Finance Limited, Oxygen Finance Americas Inc., Satago Solutions Limited, Satago Financial Solutions Limited, Distribution Finance Capital Limited, AltLending (UK) Limited and, additionally, a 50% interest in a joint venture, Clear Funding Limited, and a minority interest investment in Zopa Group Limited (as set out in "Basis of combination" below).

The TruFin OpCo Group is ultimately owned by Arrowgrass Master Fund Limited ("Arrowgrass").

The principal activities of the TruFin OpCo Group are the provision of niche lending, invoice financing and early payment services.

This historical financial information is presented in pounds sterling, which is the currency of the primary economic environment in which the TruFin OpCo Group operates.

Basis of accounting

These entities have not previously constituted a legal group and, accordingly, the combined historical financial information has been prepared specifically for the purposes of the Admission document.

IFRS does not explicitly provide guidance for the preparation of combined historical financial information and, accordingly, in preparing the combined historical financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 *Investment Reporting Standard applicable to public reporting engagements on historical financial information* ("SIR 2000") issued by the UK Auditing Practices Board have been applied.

The historical financial information is therefore prepared on a combined basis and has been prepared by applying relevant principles underlying the consolidation procedures of IFRS. The assets, liabilities and the statement of comprehensive income of the entities comprising the TruFin OpCo Group have been combined, eliminating transactions and balances between entities included within the combined historical financial information.

The combined historical financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation and the AIM rules for Companies. The historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") that are effective for financial periods beginning on or after 1 January 2018, subject to:

- the application of SIR 2000 as described above; and
- the omission of earnings per share on the basis that such a measure is not meaningful in the context of combination accounting where the share capital of the TruFin OpCo Group has been combined.

Basis of preparation

This combined historical financial information incorporates the financial statements of the TruFin OpCo Group for the twelve months to 31 December 2016 and six months to 30 June 2017. The Company's and The TruFin OpCo Group's accounting reference date will be 31 December.

The results of the TruFin OpCo Group companies have been included in the combined statement of comprehensive income from the effective date of acquisition by Arrowgrass. Where necessary, adjustments have made to the underlying financial information of the companies to bring the accounting policies used into line with those used by the TruFin OpCo Group. All intra-group transactions, balances, income and expenses are eliminated on combination. This was determined to be a business combination of entities under common control and, therefore, outside the scope of IFRS 3 Business Combinations.

The combined historical financial information contained in this document combines the statements of total comprehensive income, statements of financial position, cash flow statements, statements of changes in equity and related notes for each of the companies listed in the "Basis of combination" below, which have been prepared in accordance with IFRS.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the TruFin OpCo Group. The TruFin OpCo Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Basis of combination

The combined historical financial information includes all of the companies deemed to be controlled by the TruFin OpCo Group for the purpose of preparing the historical financial information of the TruFin OpCo Group, which are as follows.

Entities	*Country of incorporation*	*Registered address*	*Nature of the business*	*% voting rights and shares held*
Satago Financial Solutions Limited ("SFSL")	UK	4 Bentinck Street, London, England, W1U 2EF	Provision of short term finance	100% of ordinary shares
Distribution Finance Capital Limited ("DFC")	UK	2nd Floor, City House, Sutton Park Road, Sutton, England, SM1 2AE	Provision of short term finance	80% of ordinary shares
AltLending UK Limited ("AltLending")	UK	4 Bentinck Street, London, England, W1U 2EF	Provision of short term finance	100% of ordinary shares
Oxygen Finance Limited (together with OFAI, "Oxygen Finance")	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of payment services	100% of ordinary shares
Satago Solutions Limited (Satago Solutions)	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of technology services	100% of ordinary shares
Oxygen Finance Americas, Inc ("OFAI")	USA	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA	Provision of early payment services	99.99%* of ordinary shares

* The TruFin OpCo Group holds 9.3 billion shares in Oxygen Finance Americas Inc. with minority interests holding 11 shares.

The combined historical financial information also includes two further investments, as follows:

- The TruFin OpCo Group has a 50% interest in a joint venture, Clear Funding Limited ("Clear Funding"), which is accounted for using the equity method, and
- an undiluted economic interest of 17.7% Zopa Group Limited ("Zopa") (15.7% fully diluted), as at 30 June 2017, which is measured at fair value with changes in value recognised through other comprehensive income.

Both investments are incorporated in the UK.

Under the equity method of accounting the TruFin OpCo Group's investment in Clear Funding is initially recognised at cost and adjusted thereafter for the post acquisition change in the TruFin OpCo Group's share

of Clear Funding's net assets. The TruFin OpCo Group's profit or loss includes its share of Clear Funding's profit or loss and the TruFin OpCo Group's other comprehensive income includes its share of Clear Funding's other comprehensive income, save that after the TruFin OpCo Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the TruFin OpCo Group has incurred legal or constructive obligations or made payments on behalf of Clear Funding.

Principal accounting policies

The principal accounting policies adopted in the preparation of this financial information are set out below. These policies have been applied consistently to all the financial periods presented.

Other than for the treatment of business combinations, as described above, the combined financial information has been prepared in accordance with European Union Endorsed International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee (IFRIC)) interpretations. This financial information has been prepared on a going concern basis and under the historical cost convention except for the treatment of certain financial instruments.

The TruFin OpCo Group has applied IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* as well as the related consequential amendments to other IFRSs in advance of their effective dates.

Going concern

The TruFin OpCo Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the TruFin OpCo Group should be able to operate in the foreseeable future, subject to receipt of the proceeds of the IPO to support the business plan. As a consequence, the Directors have a reasonable expectation that the TruFin OpCo Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing this historical financial information.

Revenue recognition

Net interest income

Interest income and expense for all financial instruments except for those classified as held for trading or measured or designated as at fair value through profit and loss ("FVTPL") are recognised in "Net interest income" as "Interest income" and "Interest expense" in the profit or loss account using the effective interest method.

The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, to the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

For credit-impaired financial assets, as defined in the financial instruments accounting policy, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (that is, to the gross carrying amount less the allowance for expected credit losses ("ECLs").

Other income from financial instruments

Dividends from equity investments measured at FVTOCI are recognised in profit and loss when the TruFin OpCo Group becomes entitled to them.

For financial instruments that are classified as FVTPL, any interest or fee income is included in the profit and loss account within the fair value gain or loss.

The TruFin OpCo Group presently holds no financial instruments for trading or hedging purposes, nor has it designated any other items as FVTPL

Other expense from financial instruments

Any interest or fees incurred in servicing liabilities carried at FVTPL are included in the profit and loss account within "Net gain/(loss) from financial instruments at FVTPL".

Fee income

All fee income for the TruFin OpCo Group is earned from payment services provided by Oxygen Finance and comprises the following elements:

Early Payment Programme Services ("EPPS") contracts

Oxygen Finance's Early Payment Programme Services generate rebates (i.e. discounts on invoice value) for its clients by facilitating the early payment of supplier invoices. Oxygen Finance's single performance obligation is to make its intellectual property and software platform available to its clients for the duration of their contracts, and its revenue may be characterised as a sales-based royalty.

Oxygen Finance bills its clients monthly for a contractually agreed share of supplier rebates generated by their respective Early Payment Programmes during the previous month. This revenue is recognised in the month the rebates are generated.

Assessment Fees

Oxygen Finance offers an assessment service to clients, during which the client's internal processes and technology are reviewed by Oxygen Finance consultants and the financial business case for setting up an Early Payment Programme is analysed. The assessment is a self-contained consultancy project which is not contingent on any future Early Payment Programme being entered into by the client, and accordingly Oxygen Finance's single performance obligation is to deliver a report that summarises the assessment findings.

Revenue is accrued over the period of the assessment.

Implementation Fees

Implementation fees are charged to some clients to cover Oxygen Finance's costs in establishing a client's technological access to the Early Payment Programme Services, and in otherwise readying a client to benefit from the Services. Establishing access to the company's intellectual property and software platform does not amount to a distinct service as the client cannot benefit from the initial access except by the company continuing to provide access for the contract period. Where an implementation fee is charged, it is therefore a component of the aggregate transaction price of the Early Payment Programme Services.

Accordingly, such revenue is initially deferred and then recognised in profit and loss over the life of the related Early Payment Programme Services contract,

Consultancy Fees

Oxygen Finance provides stand-alone advisory services to clients. Revenue is accrued as the underlying services are provided to the client.

Fee Expenses

Fee expenses are directly attributable costs, such as staff costs, associated with the Oxygen Finance's Early Payment Programme Services. The expenses include amortisation arising from capitalised contract costs incurred directly through activities which generate fee income. Amortisation arising from other intangible assets is recognised in depreciation and amortisation of non-financial assets below operating profit/(loss).

Foreign currencies

For the purpose of the non-statutory historic financial information, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the UK based members of the TruFin OpCo Group and the presentation currency for the combined financial information.

Transactions in foreign currencies are translated to the TruFin OpCo Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the combined statement of income.

Property, plant and equipment

All property, plant and equipment is stated at historical cost (or deemed historical cost) less accumulated depreciation, and less any identified impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis at the following annual rates:

Leasehold land and buildings	–	5 years
Office equipment	–	3 years
Computer equipment	–	3-5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

Intangible and contract assets

Identifiable intangible assets are recognised when the TruFin OpCo Group controls the asset, it is probably that future economic benefits attributed to the asset will flow to the TruFin OpCo Group and the cost of the asset can be reliably measured.

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation, and less any identified impairment. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software comprises an internally developed platform. Costs that are directly associated with the production of identifiable and unique software products controlled by the TruFin OpCo Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Contract assets comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the TruFin OpCo Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

Amortisation is charged to the income statement over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the TruFin OpCo Group's consumption of the economic benefit from that asset.

Estimated useful lives

The estimated useful lives of finite lived intangible assets are as follows:

Computer software	3-5 years
Contract assets	Life of underlying contract (typically 5 years)

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the TruFin OpCo Group's balance sheet when the TruFin OpCo Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

<u>Financial assets</u>

Classification and reclassification of financial assets

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both the TruFin OpCo Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are reclassified if, and only if, the business model under which they are held is changed. There has been no such change in the allocation of assets to business models in the periods under review.

Loans and advances to customers

Loans and advances to customers are held within a business model whose objective is to hold those financial assets in order to collect contractual cash flows. Further, the contractual terms of the loan agreements give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accordingly, loans and advances to customers are subsequently measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in the income statement. The losses arising from impairment are recognised in the income statement and disclosed with any other similar losses within the line item "Net impairment losses on financial assets".

Trade receivables

Trade receivables do not contain any significant financing component and accordingly are recognised initially at transaction price, and subsequently measured at cost less any loss allowance.

Other receivables

Other receivables are held only to collect contractually due payments of principal (and exceptionally interest charges due on late settlement). Where the fair value of these transactions is materially similar to

the transaction price, each is recognised initially at the contracted amount, and subsequently measured at cost less any loss allowance.

Investments in equity shares

The TruFin OpCo Group's investment in the equity shares of Zopa is not held for trading. The TruFin OpCo Group has made an irrevocable election to classify and subsequently measure the investment at FVTOCI.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits, and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject (save for the effects of changes in foreign exchange rates) to an insignificant risk of changes in value.

Impairment

The TruFin OpCo Group recognises loss allowances for expected credit losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers
- Other receivables
- Trade receivables, and
- Loan commitments

With the exception of purchased or originated credit impaired ("POCI") financial assets (which are considered separately below), ECLs are measured through loss allowances calculated on the following bases.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the TruFin OpCo Group under the contract and the cash flows that the TruFin OpCo Group expects to receive arising from the weighting of future economic scenarios, discounted at the asset's EIR.

The TruFin OpCo Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The loss allowance is measured as the difference between the contractual cash flows and the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset that gives rise to credit risk, is referred to (and analysed in the notes to this financial information) as being in "Stage 1" provided that since initial recognition (or since the previous reporting date) there has not been a significant increase in credit risk nor has it has become credit impaired.

> For a Stage 1 asset, the loss allowance is the "12-month ECL", that is, the ECL that results from those default events on the financial instrument that are possible within 12 months from the reporting date.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "Stage 2" if since initial recognition there has been a significant increase in credit risk but it is not credit impaired.

> For a Stage 2 asset, the loss allowance is the "lifetime ECL", that is, the ECL that results from all possible default events over the life of the financial instrument.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in "Stage 3" if since initial recognition it has become credit impaired.

> For a Stage 3 asset, the loss allowance is the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the EIR. Further, the recognition

of interest income is constrained relative to the amounts that are recognised on Stage 1 and Stage 2 assets, as described in the revenue recognition policy set out above.

If circumstances change sufficiently at subsequent reporting dates, an asset is referred to by its newly appropriate Stage, and is re-analysed in the notes to the financial information.

Where an asset is expected to mature in 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at Stage 1 or Stage 2. In order to determine the loss allowance for assets with a maturity of 12 months or more, and disclose significant increases in credit risk, the TruFin OpCo Group nonetheless determines which of its financial assets are in Stages 1 and 2 at each reporting date.

Significant increase in credit risk – policies and procedures for identifying Stage 2 assets

Whenever any contractual payment is past due, the TruFin OpCo Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition in order to determine whether credit risk has increased significantly.

See note 19 for further details about how the TruFin OpCo Group assesses increases in significant credit risk.

Definition of a default

Critical to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. Default is a component of the probability of default (PD), changes in which lead to the identification of a significant increase in credit risk, and PD is then a factor in the measurement of ECLs.

The TruFin OpCo Group's definition of default for this purpose is:

- A counterparty defaults on a payment due under a loan agreement and that payment is more than 30 days overdue; or
- The collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or
- A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

The definition of default is similarly critical in the determination of whether an asset is credit-impaired (as explained below).

Credit-impaired financial assets – policies and procedures for identifying Stage 3 assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. IFRS 9 states that evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default (as defined above) or past due event, or
- The TruFin OpCo Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the TruFin OpCo Group would not otherwise consider.

The TruFin OpCo Group assesses whether debt instruments that are financial assets measured at amortised cost or at FVTOCI are credit-impaired at each reporting date. When assessing whether there is evidence of credit-impairment, the TruFin OpCo Group takes into account both qualitative and quantitative indicators relating to both the borrower and to the asset. The information assessed depends on the borrower and the

type of the asset. It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

See note 19 for further details about how the TruFin OpCo Group identifies credit impaired assets.

Purchased or originated credit-impaired ("POCI") financial assets

POCI financial assets are treated differently because they are in Stage 3 from the point of original recognition. It is not in the nature of the TruFin OpCo Group's business to purchase financial assets originated by other lenders, nor has the TruFin OpCo Group to date originated any loans or advances to borrowers that it would define as credit impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- For loan commitments: as a provision.

Revisions to estimated cash flows

Where cash flows are significantly different from the original expectations used to determine EIR, but where this difference does not arise from a modification of the terms of the financial instrument, the TruFin OpCo Group revises its estimates of receipts and adjusts the gross carrying amount of the financial asset to reflect actual and revised estimated contractual cash flows. The TruFin OpCo Group recalculates the gross carrying amount of the financial asset as the present value of the estimated future contractual cash flows discounted at the financial instrument's original EIR.

The adjustment is recognised in profit or loss as income or expense.

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing a financial asset are renegotiated without the original contract being replaced and derecognised. A modification is accounted for in the same way as a revision to estimated cash flows, and in addition;

- Any fees charged are added to the asset and amortised over the new expected life of the asset, and
- The asset is individually assessed to determine whether there has been a significant increase in credit risk.

Derecognition of financial assets

The TruFin OpCo Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the TruFin OpCo Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the TruFin OpCo Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the TruFin OpCo Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the TruFin OpCo Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the TruFin OpCo Group retains an option to repurchase part of a transferred asset), the TruFin OpCo Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and

the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Write offs

Loans and advances are written off when the TruFin OpCo Group has no reasonable expectation of recovering the financial asset (either in its entirety or a portion of it). This is the case when the TruFin OpCo Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The TruFin OpCo Group may apply enforcement activities to financial assets written off. Recoveries resulting from the TruFin OpCo Group's enforcement activities will result in impairment gains.

Financial liabilities

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the TruFin OpCo Group or a contract that will or may be settled in the TruFin OpCo Group's own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the TruFin OpCo Group's own equity instruments. Gains or losses on financial liabilities are recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the TruFin OpCo Group are recognised at the proceeds received, net of direct issue costs. Distributions on equity instruments are recognised directly in equity.

Preference shares

Preference share capital is classified as a liability or equity (or a combination of both) depending on the rights attaching to the relevant share classes.

As there is a contractual obligation to deliver cash or other financial assets to the holder of the preference shares in issue at 30 June 2017, these are recognised as a liability.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss may include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

During the period under review the TruFin OpCo Group has held no financial liabilities for trading, nor designated any financial liabilities upon initial recognition as at fair value through profit or loss

Other financial liabilities – Loans and borrowings

The TruFin OpCo Group obtains on-demand and short term funding from its owners on terms that reflect some elements of risk sharing, in that availability, servicing and repayment obligations are sensitive to and in certain circumstances may be adjusted for the extent of utilisation, and the outcomes of loans and advances that have been made by the TruFin OpCo Group entity in utilising those funds.

Otherwise, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest and similar expenses" in the profit and loss account.

Derecognition of financial liabilities

The TruFin OpCo Group derecognises financial liabilities when, and only when, the TruFin OpCo Group's obligations are discharged, cancelled or they expire.

Impairment of non-financial assets

The carrying amounts of the entity's non-financial assets, other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('the cash-generating unit').

Goodwill is tested annually for impairment in accordance with IFRS. The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units ('CGU') that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity it its entirety, or it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of other assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. An impairment loss recognised for goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Current and deferred income tax

Income tax on the result for the period comprises current and deferred income tax. Income tax is recognised in the combined statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the TruFin OpCo Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits – pension costs

A defined contribution plan is a post-employment benefit plan under which the TruFin OpCo Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Leasing

Rentals paid under operating leases are charged to the combined statement of comprehensive income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

The TruFin OpCo Group does not currently hold any assets under finance leases.

Provisions for commitments and other liabilities

Provisions are recognised when the TruFin OpCo Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the TruFin OpCo Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (discounted at the TruFin OpCo Group's weighted average cost of capital when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segmental reporting

An operating segment is a component of the TruFin OpCo Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and whose operating results are regularly reviewed by the board of directors in order to make decisions about resources to be allocated to that component and assess its performance, and for which discrete financial information is available.

For the purposes of this historical financial information, the directors consider the TruFin OpCo Group's operations to be made up of three operating segments, the provision of short term finance, payment services and other operations.

The accounting policies of the reportable segments are consistent with the accounting policies of the TruFin OpCo Group as a whole. Segment profit represents the profit earned by each segment without allocation of depreciation, amortisation, foreign exchange gains or losses, investment income, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

Further details are provided in note 4.

New standards and interpretations – in issue but not yet effective/adopted

IFRS 16 Leases

IFRS 16, which has not yet been endorsed by the EU, introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The TruFin OpCo Group currently expects to adopt IFRS 16 for the year ending 31 December 2019. No decision has been made about whether to use any of the transitional options in IFRS 16.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected because operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

IFRS 16 is not expected to have a material impact on the results of the TruFin OpCo Group.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements and estimates that have a significant effect on the amounts recognised in the historical financial information noted below.

Critical accounting judgements

- Impairment reviews of intangible assets: the TruFin OpCo Group performs impairment reviews at the reporting period end to identify any goodwill or intangible assets that have a carrying value that is in excess of its recoverable value. Determining the recoverability of goodwill and intangible assets requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, its carrying value will be reduced to its recoverable value with the difference recorded as an impairment charge in the income statement.

The goodwill and intangible asset impairment reviews are disclosed in note 10.

- Early Payment Programme Services set up costs: The TruFin OpCo Group capitalises the direct costs of implementing Early Payment Programme Services contracts for clients. These costs are essential to the satisfaction of the TruFin OpCo Group's performance obligation under that contract, and accordingly the TruFin OpCo Group considers that these costs meet the applicable criteria for recognition as contract assets.

The amount capitalised is disclosed in note 10.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Loan impairment

- Where an asset has a maturity of 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at Stage 1 or Stage 2. Given the preponderance of short term lending, the TruFin OpCo Group's combined loss allowance is not materially affected by the allocation of assets between Stages 1 and 2, nor by any significant subjectivity in the forward looking estimates that are applied.

  The probability of default ("PD") is an estimate of the likelihood of default over a given time horizon and is a key input to the ECL calculation. The TruFin OpCo Group primarily uses the Experian Commercial Delphi ("Delphi") score as the source data to calculate the PD for individual loans and advances to customers. The Delphi score is a 12-month predictor of credit failure and, in the absence of internally generated loss history, the TruFin OpCo Group believes that it provides the best proxy for the credit quality of the loan portfolio.

  The TruFin OpCo Group translates the Delphi scores to the corresponding Moody's debt rating in order to derive the PD.

- Exposure at default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

- Loss given default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, in particular taking into account wholesale collateral values and certain buy back options.

Measurement of fair values

In estimating fair value of a financial asset or liability, the TruFin OpCo Group uses market observable data to the extent that it is available. Where such Level 1 inputs are not available, the Group uses valuation models to estimate the fair value of its financial instruments.

Refer to note 13 for more information on fair value measurement.

Deferred tax asset

There is inherent uncertainty in forecasting beyond the immediate future and significant judgement is required to estimate whether future taxable profits are probable in order to utilise the carried forward tax losses. However, the TruFin OpCo Group has determined that convincing evidence exists to support the recognition of a deferred tax asset in respect of carried forward losses as a high proportion of the forecast revenue is expected to be generated from clients that are either already "live" or have already signed

contracts with Oxygen Finance. Oxygen Finance's fixed cost base is already scaled for continued business growth and variable cost growth is are not expected to be significant.

No deferred tax asset has been recognised in respect of corporation tax losses carried forward in DFC. As at 30 June 2017, the taxable losses for DFC amounted to £1.7m (31 December 2016: £0.4m). Management expects DFC to be profitable, but unlike Oxygen Finance, which is a mature business with a clearly visible route to profitability, DFC has been trading for less than 6 months. Therefore, as at 30 June 2017, management has determined that a deferred tax asset should not be currently recognised.

Refer to note 9 for more information on the deferred tax asset.

Provision for commitments and other liabilities

The TruFin OpCo Group's provision of £299,000 relates to uncertain tax positions prior to 31 December 2016. Although advice has been taken, the legislation is complex and could result in different interpretations. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of the tax matters at a future date, the final outcome may differ from the amount provided.

3. Fee income

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Revenue from:			
EPPS* contracts	1,028	423	1,361
Assessment fees	194	51	84
Consultancy fees	57	–	–
Total revenue	1,279	474	1,445

* Early Payment Programme Services

4. Segmental reporting

The results of the TruFin OpCo Group are broken down into segments based on the products and services from which it derives its revenue:

Short term finance:

Provision of distribution finance products and invoice discounting. For results during the reporting period, this corresponds to the results of DFC and SFSL.

Payment services:

Provision of Early Payment Programme Services. For results during the reporting period, this corresponds to the results of Oxygen Finance.

Other:

Revenue and costs arising from investment activities and peer to peer lending. For results during the reporting period, this corresponds to the results of Satago Solutions, AltLending and the TruFin OpCo Group's investment in Zopa.

The results of each segment, prepared using accounting policies consistent with those of the TruFin OpCo Group as a whole, are as follows:

	Short term finance £'000	*Payment services £'000*	*Other £'000*	*Total £'000*
6 months ended 30 June 2017				
External revenue	490	1,293	5	1,788
Inter-segment sales	(287)	(18)	–	(305)
Interest expense	(350)	(143)	–	(493)
Total Revenue	(147)	1,132	5	990
Operating loss	(1,586)	(1,301)	(1,434)	(4,321)
Loss before taxation	(1,606)	(1,644)	(1,434)	(4,684)
Taxation	(3)	245	–	242
Loss for the period	(1,609)	(1,399)	(1,434)	(4,442)
Total assets	23,672	7,551	34,146	65,369
Total liabilities	(21,327)	(1,041)	–	(22,368)
Net assets	2,345	6,510	34,146	43,001
6 months ended 30 June 2016 (unaudited)				
External revenue	54	474	–	528
Interest expense	–	(355)	–	(355)
Total Revenue	54	119	–	173
Operating loss	–	(2,249)	(975)	(3,224)
Loss before taxation	–	(2,592)	(975)	(3,567)
Taxation	–	3,792	–	3,792
Profit/(loss) for the period	–	1,200	(975)	225
Total assets	3,061	6,838	40,743	50,642
Total liabilities	(3,078)	(7,048)	–	(10,126)
Net assets	(17)	210	40,743	40,516
Year ended 31 December 2016				
External revenue	92	1,445	–	1,537
Inter-segment sales	–	–	–	–
Interest expense	–	(504)	–	(504)
Total Revenue	92	941	–	1,033
Operating loss	(479)	(4,350)	(1,732)	(6,561)
Loss before taxation	(585)	(5,652)	(1,732)	(7,969)
Taxation	–	4,348	–	4,348
Loss for the period	(585)	(1,304)	(1,732)	(3,621)
Total assets	5,944	7,099	34,482	47,525
Total liabilities	(3,241)	(9,784)	–	(13,025)
Net assets	2,703	(2,685)	34,482	34,500

5. Staff costs

Analysis of staff costs:

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Wages and salaries	2,561	1,307	2,510
Consulting costs	710	540	1,227
Social security costs	286	75	225
Pension costs arising on defined contribution schemes	44	–	–
	3,601	1,922	3,962

Consulting costs are recognised within personal costs where the work performed would otherwise have been performed by employees. Consulting costs arising from the performance of other services is included within other operation expenses.

Average monthly number of persons (including Executive Directors) employed:

	For the 6 months ended 30 June 2017 Number	*For the 6 months ended 30 June 2016 (unaudited) Number*	*For the year ended 31 December 2016 Number*
Management	4	2	2
Finance	4	3	2
Sales & Marketing	11	6	8
Operations	36	17	22
Technology	6	2	3
	61	30	37

Key management compensation:

The Director's consider that key management personnel are those persons who are a director of any of the subsidiary companies within the TruFin OpCo Group. These individuals have the authority and responsibility for planning, directing and controlling the activities of the TruFin OpCo Group.

Key management emoluments were as follows:

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Combined remuneration	522	133	470
Pension contributions	3	13	6

6. Provision for commitments and other liabilities

Management has recognised a provision in relation to uncertain tax positions prior to 31 December 2016. Although advice has been taken, the legislation is complex and could result in different interpretations. The amount recognised is the best estimate of the consideration required to settle the present obligation at the balance sheet date.

7. Exceptional expenses

Loss before income tax is stated after charging the following material items:

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Oxygen Finance partner settlement payments	–	236	418
Oxygen Finance IT platform transition	329	–	746
	329	236	1,164

Items of income or expense are disclosed separately when they are material to an understanding of the financial statements. These are one-off items which are not expected to be repeated.

Under previous owners, Oxygen Finance's business strategy included the outsourcing of delivery and implementation services to parties that were rewarded with a proportion of ensuing revenues. Oxygen Finance subsequently incurred material costs in terminating these partner contracts.

Oxygen Finance's legacy business strategy had also been based around a technology platform operated by a third-party provider on Oxygen Finance's behalf. Oxygen Finance incurred material costs to transfer the platform to a cloud based environment under its own control.

8. Loss before income tax

Loss before income tax is stated after charging:

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Depreciation of property, plant and equipment (note 11)	14	15	30
Amortisation of intangible assets (note 10)	30	–	–
Staff costs	3,601	1,922	3,962
Operating leases	194	147	382

9. Taxation

Analysis of tax charge recognised in the period

	For the 6 months ended 30 June 2017 £'000	For the 6 months ended 30 June 2016 (unaudited) £'000	For the year ended 31 December 2016 £'000
Current tax charge/(credit)	3	1	(26)
Deferred tax (credit)/charge	(245)	(3,793)	(4,322)
Total tax (credit)/charge	(242)	(3,792)	(4,348)

Reconciliation of loss before tax to total tax credit recognised

	For the 6 months ended 30 June 2017 £'000	For the 6 months ended 30 June 2016 (unaudited) £'000	For the year ended 31 December 2016 £'000
Loss before tax	(4,684)	(3,569)	(7,969)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19.5%/20%	(913)	(714)	(1,594)
Tax effect of:			
Expenses not deductible for tax purposes	324	248	525
Capital allowances in excess of depreciation	35	35	78
Other short term timing differences	(1)	(1)	(3)
Capitalised revenue expenditure	(158)	(51)	(113)
Deferred tax on brought forward assets	–	(3,500)	(3,706)
Adjust closing deferred tax to average rate of 19.5%/20%	92	26	105
Adjust opening deferred tax to average rate of 20%	–	–	(24)
Current year losses/(gains) for which no deferred tax asset was recognised	379	165	384
Total tax credit	(242)	(3,792)	(4,348)

Reductions in the UK corporation tax rate from 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the TruFin OpCo Group's future current tax charge accordingly. The deferred tax assets and liabilities at 30 June 2017 have been based on the rates substantively enacted at the balance sheet date.

Deferred tax asset

	30 June 2017 £'000	*31 December 2016 £'000*
Balance at start of period	4,322	–
Credit to the statement of comprehensive income	245	4,322
Balance at end of period	4,567	4,322
Comprised of:		
Losses	4,567	4,322
Total deferred tax asset/(liability)	4,567	4,322

A deferred tax asset has been recognised in respect of Oxygen Finance's historical losses incurred, as it is considered probable that future taxable profit will be available against which they can be realised. This determination is based on Oxygen Finance's forecasts. A high proportion of the revenue forecast is expected to be generated from clients which have either already onboarded or which have already signed contracts with Oxygen Finance. Oxygen Finance's fixed cost base is already scaled for continued business growth, whilst variable costs are not expected to be material. Deferred tax is recognised at 17% being the rate at which it is expected to unwind in the future.

10. Other intangible assets

	Client Contracts £'000	*Software, licenses and similar assets £'000*	*Total £'000*
Cost			
At 1 January 2016	–	–	–
At 31 December 2016	–	–	–
Additions	155	500	655
At 30 June 2017	155	500	655
Amortisation			
At 1 January 2016	–	–	–
At 31 December 2016	–	–	–
Charge	(30)	–	(30)
At 30 June 2017	(30)	–	(30)
Net book value			
At 30 June 2017	125	500	625
At 31 December 2016	–	–	–

Client Contracts comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the TruFin OpCo Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

The useful economic life for each individual asset is deemed to be the term of the underlying Client Contract (generally 5 years) which has been deemed appropriate based on benchmarking reviews and for impairment review purposes, projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

Computer software comprises an internally developed platform. Costs that are directly associated with the production of identifiable and unique software products controlled by the TruFin OpCo Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

A useful economic life of 3-5 years has been deemed appropriate based on benchmarking reviews and for impairment review purposes, projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

11. Property, plant and equipment

	Leasehold improvements £'000	*Fixtures & fittings £'000*	*Computer equipment £'000*	*Total £'000*
Cost				
At 1 January 2016	–	–	–	–
Arising on combination	115	133	–	248
Additions	–	55	5	60
Disposals	(115)	–	–	(115)
At 31 December 2016	–	188	5	193
Additions	–	8	24	32
Disposals	–	–	–	–
At 30 June 2017	–	196	29	225
Depreciation				
At 1 January 2016	–	–	–	–
Arising on combination	(84)	(109)	–	(193)
Charge	(13)	(17)	–	(30)
Disposals	97	–	–	97
At 31 December 2016		(126)	–	(126)
Charge	–	(14)	–	(14)
Disposals	–	–	–	–
At 30 June 2017	–	(140)	–	(140)
Net book value				
At 30 June 2017	–	56	29	85
At 31 December 2016	–	62	5	67

The TruFin OpCo Group holds no assets under finance leases.

12. Investment in Joint Venture

Joint ventures

The summarised financial information for Clear Funding Limited, prepared in accordance with IFRS, is set out below. The TruFin OpCo Group equity accounts for its 50% share in the Joint Venture.

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Income statement			
Revenue	–	–	–
Cost of sales	(40)	(48)	(521)
Administrative expenses	(1,471)	(1,902)	(2,943)
Loss from continuing operations	(1,511)	(1,950)	(3,464)

	30 June 2017 £'000	*31 December 2016 £'000*
Statement of financial position		
Non-current assets	169	206
Cash	461	1,624
Other current assets	104	163
Current liabilities	(329)	(829)
Non-current liabilities	(751)	–
Equity shareholders' funds	(346)	1,164

There are no restrictions in the ability of Clear Funding to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. The TruFin OpCo Group did not receive a dividend in the six months to 30 June 2017 (Year to 31 December 2016: Nil). There is no unrecognised share of losses in Clear Funding for periods ended 30 June 2017 or 31 December 2016.

13. Other investments

	Level 3 valuation £'000
Fair value at 31 December 2015	43,640
Loss on revaluation at 30 June 2016 (unaudited)	(4,440)
Fair value at 30 June 2016	39,200
Loss on revaluation at 31 December 2016	(5,300)
Fair value at 31 December 2016	33,900
Gain on revaluation at 30 June 2017	22
Fair value at 30 June 2017	33,922

At 30 June 2017, the TruFin OpCo Group had an economic interest in Zopa Group Limited (the ultimate owner of the UK-based Zopa peer to peer lending business). During the first half of 2017, Zopa underwent a corporate restructuring. Prior to this, the ultimate owner of the Zopa business was Zopa Holdings Inc, a Delaware (USA) company. The below table represents the economic ownership both on an undiluted basis and a fully diluted basis (i.e. assuming that all holders of options, warrants and preferred shares were to have exercised their subscription and conversion rights).

	30 June 2017 (Current)	*31 December 2016*	*30 June 2016*	*31 December 2015*
Undiluted	17.7%	18.3%	18.5%	18.5%
Fully diluted	15.7%	16.2%	16.5%	16.5%

A level 3 valuation is one that relies on unobservable inputs to the valuation process.

The shares are not quoted in any market, and off-market transactions are infrequent. The TruFin OpCo Group's owners nevertheless adopt a market based approach to valuation, which it carries out on a quarterly basis in conjunction with a company that provides independent valuation services. The TruFin OpCo Group applies judgement in adjusting valuations that are otherwise determined by reference to the prices of previous and anticipated transactions. Adjustments are required in respect of the exercise of stock options and the valuation of warrants over Zopa's equity, which are held by other investors in Zopa. The TruFin OpCo Group also regards the valuations of comparable businesses and recent transactions in the sector. The valuations do not include any adjustment to reflect the size of the TruFin OpCo Group's holding.

14. Loans and advances to customers

	30 June 2017 £'000	*31 December 2016 £'000*
Total loans and advances to customers	11,441	883
Less: Loss allowance	(31)	(13)
	11,410	870

Unimpaired, past due receivables relating to loans and advances are analysed as follows:

	30 June 2017 £'000	*31 December 2016 £'000*
Neither past due nor impaired	11,251	867
Past due: 0–30 days	109	–
Past due: 31–60 days	28	–
Past due: 61–90 days	1	3
Past due: More than 91 days	21	–
Impaired	–	–
	11,410	870

15. Trade and other receivables

	30 June 2017 £'000	*31 December 2016 £'000*
Trade receivables	594	445
Prepayments	99	38
Accrued Income	24	–
VAT	53	18
Other debtors	434	588
Unpaid share capital	–	5
	1,204	1,094

Trade receivables above are stated net of a loss allowance of £nil (Dec 2016: £nil, Jun 2016: £nil). All receivables are due within one year.

Unimpaired, past due trade receivables are analysed as follows:

	30 June 2017 £'000	*31 December 2016 £'000*
Not yet due	354	243
Past due: 0–30 days	174	41
Past due: 31–60 days	17	78
Past due: 61–90 days	8	–
Past due: More than 91 days	41	83
	594	445

16. Share Capital

As described in note 1, the historical financial information has been prepared by aggregating the financial statements and information of the entities and investments that will make up the TruFin OpCo Group. Consequently, the combined equity attributable to equity holders of the underlying entities has been disclosed as in the combined balance sheet.

During the six months ended 30 June 2017, the following new ordinary shares were issued:

	Share Capital £'000	*Share Premium £'000*	*Liabilities £'000*	*Total £'000*
137,891 Ordinary Shares of £0.01 each	1	11,899	–	11,900
3,500,000 Preference shares of £0.00001 each	964	–	2,536	3,500

On 28 June 2017, a £11,900,000 promissory note with Arrowgrass was converted into 137,891 ordinary shares of £0.01 each, at a price per share of £86.30.

The preference shares are treated as liabilities as they are redeemable by the shareholder for a fixed sum on or before 2 March 2022. Further details are given in note 17.

All ordinary shares carry equal entitlements to any distributions by the company. No dividends were proposed by the directors for the year ending 31 December 2016.

17. Borrowings

	30 June 2017 £'000	*31 December 2016 £'000*
Loans due within one year	16,018	11,900
Preference shares	2,626	–
	18,644	11,900

AltLending has a £250,000,000 borrowing facility with AltLending Ireland, of which certain amounts have been drawn down, and repaid, with an outstanding capital balance of £12,000,000 as at 30 June 2017.

On 20 May 2016 a £1,000,000 loan facility, with a variable fee based upon 75% of related receivables income received, was extended by Arrowgrass to SFSL. This loan was repaid in full in August 2017.

On 13 March 2017 a £3,000,000 loan, with 2% interest coupon, maturing on 9 September 2017, was extended by Arrowgrass to SFSL. This loan was also repaid in full during August 2017.

Funding of £3,500,000 was received by DFC on 3 March 2017 from Arrowgrass in the form of Preference shares, paying a fixed cumulative preferential dividend at an annual rate of 5% compounded annually on 31 December each year. The shares are redeemable by the company on or before 2 March 2022. The fair

value of the preference shares on day 1 was determined to be £2,536,000 with the remaining £964,000 recognised as a capital contribution.

Funding of £11,900,000 was received over the course of 2016 by Oxygen Finance from Arrowgrass in the form of Promissory notes. The notes were all repayable on demand, but carried no interest coupon if not called. The entire balance was converted to ordinary shares in Oxygen Finance Limited on 28 June 2017.

18. Trade and other payables

	30 June 2017 £'000	*31 December 2016 £'000*
Trade payables	2,039	–
Accruals	708	101
Other payables	589	722
Corporation tax	3	–
Payroll and other taxes	87	3
	3,425	826

19. Financial instruments

The Directors have performed an assessment of the risks affecting the TruFin OpCo Group through its use of financial instruments and believe the principal risks to be: capital risk; credit risk; market risk, including interest rate risk and foreign exchange risk.

This note describes the TruFin OpCo Group's objectives, policies and processes for managing the material risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 1.

Capital risk management

The TruFin OpCo Group manages its capital to ensure that entities in the TruFin OpCo Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the TruFin OpCo Group consists of net debt (borrowings disclosed in note 17) and equity of the TruFin OpCo Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in note 16 and note 20).

The TruFin OpCo Group is not subject to any externally imposed capital requirements.

Principal financial instruments

The principal financial instruments to which the TruFin OpCo Group is party, and from which financial instrument risk arises, are as follows:

- Loans and advances to customers, primarily credit risk, and liquidity risk;
- Trade receivables, primarily credit risk, and liquidity risk;
- Investments, primarily fair value or market price risk;
- Cash and cash equivalents, which can be a source of credit risk but are primarily liquid assets available to further business objectives or to settle liabilities as necessary;
- Trade and other payables;
- Borrowings, including preference shares, which are used as sources of funds and to manage liquidity risk.

Analysis of financial instruments by valuation model

Financial assets included in the balance sheet at fair value:

	30 June 2017 £'000	*31 December 2016 £'000*
Investments (level 3)	33,922	33,900

A level 3 valuation is one that relies on unobservable inputs to the valuation process. The valuation is calculated by reference to the prices of previous transactions involving the issuance of shares in Zopa and warrants over shares in Zopa.

The calculation takes into consideration the valuation of warrants over Zopa's equity, which were issued in connection with a recent fund raise by Zopa. This is performed using the Black-Scholes model, which requires inputs for spot equity price, strike price, expiry date and risk-free interest rate, which are observable inputs (from the warrant agreements and UK Gilt rate markets respectively). The Black-Scholes model also requires a significant unobservable input for the volatility of the Zopa equity price, which is determined by comparison with annual volatilities of comparable listed companies. A 1% increase in the volatility of the Zopa equity price would produce a 0.45% (£155,000) decrease in the fair value measurement.

There are no financial liabilities included in the balance sheet at fair value.

Financial assets and financial liabilities included in the balance sheet that are not measured at fair value:

30 June 2017

	Carrying amount £'000	*Fair value £'000*	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*
Financial assets not measured at fair value					
Loans and advances to customers	11,410	11,410	–	–	11,410
Trade receivables	594	594	–	–	594
Other receivables	610	610	–	–	610
Cash and cash equivalents	13,556	13,556	13,556	–	–
	26,170	26,170	13,556	–	12,614
Financial liabilities not measured at fair value					
Preference shares	2,626	2,626	–	–	2,626
Other borrowings	16,018	16,018	–	–	16,018
Other liabilities	3,425	3,425	–	–	3,425
	22,069	22,069	–	–	22,069

31 December 2016

	Carrying amount £'000	*Fair value £'000*	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*
Financial assets not measured at fair value					
Loans and advances to customers	870	870	–	–	870
Trade receivables	445	445	–	–	445
Other receivables	649	649	–	–	649
Cash and cash equivalents	6,690	6,690	6,690	–	–
	8,654	8,654	6,690	–	1,964
Financial liabilities not measured at fair value					
Preference shares	–	–	–	–	–
Other borrowings	11,900	11,900	–	–	11,900
Other liabilities	826	826	–	–	826
	12,726	12,726	–	–	12,726

Fair values for level 3 assets were calculated using a discounted cash flow model and the directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Loans and advances to customers

Due to the short-term nature of loans and advances to customers, their carrying value is considered to be approximately equal to their fair value. These items are short term in nature such that the impact of the choice of discount rate would not make a material difference to the calculations.

Trade and other receivables, other borrowings and other liabilities

These represent short-term receivables and payables and as such their carrying value is considered to be equal to their fair value.

Preference shares

The fair value of the preference shares was calculated based on a comparison between the interest coupon of 5% and the typical market interest rate for an equivalent debt instrument.

Financial risk management

The TruFin OpCo Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board has overall responsibility for the determination of the TruFin OpCo Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the TruFin OpCo Group's competitiveness and flexibility.

The OpCo Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
- Foreign exchange risk

Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the TruFin OpCo Group. One of the TruFin OpCo Group's main income generating activities is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers. The TruFin OpCo Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The TruFin OpCo Group's credit committee is responsible for managing the TruFin OpCo Group's credit risk by:

- Ensuring that the TruFin OpCo Group has appropriate credit risk practices, including an effective system of internal control;
- Identifying, assessing and measuring credit risks across the TruFin OpCo Group from an individual instrument to a portfolio level;
- Creating credit policies to protect the TruFin OpCo Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits;
- Limiting concentrations of exposure by type of asset, counterparty, industry, credit rating, geography location;
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities;
- Developing and maintaining the TruFin OpCo Group's risk grading to categorise exposures according to the degree of risk default. Risk grades are subject to regular reviews; and
- Developing and maintaining the TruFin OpCo Group's processes for measuring Expected Credit Loss (ECL) including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.

Significant increase in credit risk

The TruFin OpCo Group continuously monitors all assets subject to Expected Credit Loss as to whether there has been a significant increase in credit risk since initial recognition, either through a significant increase in Probability of Default ("PD") or in Loss Given Default ("LGD").

The following is based on the procedures adopted by the TruFin OpCo Group:

Granting of credit

The Business Development Team prepare a Credit Application which sets out the rationale and the pricing for the proposed loan facility, and confirms that it meets the TruFin OpCo Group's product, manufacturer programme and pricing policies. The Application will include the proposed counterparty's latest financial information and any other relevant information but as a minimum:

- Details of the limit requirement e.g. product, amount, tenor, repayment plan etc.;
- Facility purpose or reason for increase;
- Counterparty details, background, management, financials and ratios (actuals and forecast);
- Key risks and mitigants for the application

- Conditions, covenants & information (and monitoring proposals) and security (including comments on valuation);
- Pricing
- Confirmation that the proposed exposure falls within risk appetite
- Clear indication where the application falls outside of risk appetite.

The Credit Risk Department will analyse the financial information, obtain reports from Experian, the Credit Reference Agency, allocate a risk rating, and make a decision on the application. The process may require further dialogue with the Business Development Team to ascertain additional information or clarification.

The Delphi score from the Experian report is mapped to the TruFin OpCo Group's internal rating system (as set out below) to provide a risk rating. Delphi scores are only available for limited liability companies so if the proposed counterparty is a sole trader or partnership, a manual rating is required.

Internal Risk Rating	*Delphi Score*
1 (lowest risk)	91+
2	81-90
3	71-80
4	64-70
5	51-63
6	41-50
7	31-40
8	<30
9 (highest risk)	

* Expected lending decisions are subject to credit criteria, underwriting process and approval by individuals or Committees with approval or delegated approval authority, as follows.

The TruFin OpCo Group operates a "four eyes" principle so that all applications for loan facilities require that two mandated Senior Managers approve the loan facility. Each Senior Manager and Committee is authorised to approve loans up to agreed financial limits and provided that the risk rating of the counterparty is within agreed parameters. If the financial limit requested is higher than the credit authority of the first reviewer of the loan facility request, the application is sent to the next credit authority level with a recommendation.

The Executive Risk Committee reviews all applications that are outside the credit approval mandate of the Senior Managers due to the financial limit requested or if the risk rating is outside of policy but there is a rationale and/or mitigation for considering the loan on an exceptional basis.

Applications where the counterparty has a risk rating of 6 or higher are sent to the Executive Risk Committee for a decision based on a positive recommendation from Credit Risk department. Where a limited company has such a risk rating, the Executive Risk Committee will consider the following mitigants:

- Existing counterparty which has met all obligations in time and in accordance with loan agreements;
- Counterparty known to TruFin OpCo Group personnel who can confirm positive experience;
- Additional security, either tangible or personal guarantees where there is verifiable evidence of personal net worth;
- A commercial rationale for approving the application, although this mitigant will generally be in addition to at least one of the other mitigants.

If the TruFin OpCo Group is requested to increase a counterparty's loan facility before the annual or regular review date, it will review the counterparty's current accounting information and take a new report from Experian.

Identifying significant increases in credit risk

The short tenor of the current loan facilities reduces the possible adverse effect of changes in economic conditions and/or the credit risk profile of the counterparty.

The original credit application would have addressed such factors as industry and asset evolution, economic factors effecting the purchase of assets by the counterparties' customers, asset obsolescence (although the assets currently funded would generally be categorised as "low tech") and any other macro-economic factors that could have a negative effect on the ability of a counterparty, or a group of counterparties, to perform its or their obligations. The short trading history of the TruFin OpCo Group means that internal measurement of counterparty performance may not produce as accurate probability of default on a forward-looking basis.

The TruFin OpCo Group nonetheless measures a change in a counterparty's credit risk mainly on payment and end of contract repayment behaviour and the collateral audit process although regular and interim reviews may highlight other changes in a counterparty's risk profile, such as the security asset no longer being under the control of the borrower. The TruFin OpCo Group views a significant increase in credit risk as:

- A two-notch reduction in the TruFin OpCo Group's counterparty's risk rating, as notified through the Experian alert system.
- A counterparty defaults on a payment due under a loan agreement.
- Late contractual payments which although cured, re-occur on a regular basis.
- Counterparty confirmation that it has sold TruFin OpCo Group assets but delays in processing payments.
- Evidence of a reduction in a counterparty's working capital facilities which has had an adverse effect on its liquidity.
- Evidence of actual or attempted sales out of trust or of double financing, of assets funded by the TruFin OpCo Group.

An increase in significant credit risk is identified when any of the above events happen after the date of initial recognition.

Default

Default comprises of Probability of Default ("PD") and Loss Given Default ("LGD") as described in note 1.

Identifying loans and advances in default and credit impaired

The TruFin OpCo Group's definition of default for this purpose is:

- A counterparty defaults on a payment due under a loan agreement and that payment is more than 30 days overdue; or
- The collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or
- A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

The short tenor of the loans extended by the TruFin OpCo Group means that significant economic events are unlikely to influence counterparties' ability to meet their obligations to the TruFin OpCo Group.

No assets held at 30 June 2017 are considered credit impaired and no forbearance had been granted.

Exposure at default

Exposure at default ("EAD") is the expected loan balance at the point of default and, for the purpose of calculating the ECL, management have assumed this to be the balance at the reporting date.

Expected Credit Losses

The ECL on an individual loan is based on the credit losses expected to arise over the life of the loan, being defined as the difference between all the contractual cash flows that are due to the TruFin OpCo Group and the cash flows that it actually expects to receive.

This difference is then discounted at the original effective interest rate on the loan to reflect the disposal period of such assets underlying the original contract.

Regardless of the loan status stage, the aggregated ECL is the value that the TruFin OpCo Group expects to lose on its current loan book having assessed each loan individually.

To calculate the ECL on a loan, the TruFin OpCo Group considers:

1. Counterparty PD; and

2. LGD on the asset

whereby: ECL = EAD x PD x LGD

Forward looking information

In its ECL models, the TruFin Opco Group applies the following forward-looking information as economic inputs:

- GDP growth
- Central Bank base rates expressed as LIBOR
- Retail Price Index ("RPI")

However, in making its assessment of the impact of these key, forward looking economic assumptions, the TruFin OpCo Group has placed reliance on the short-dated nature of its loans which do not extend beyond 12 months. Given the current loan book has an average tenor of less than 4 months, the forward looking economic inputs above do not affect the ECL significantly.

Maximum exposure to credit risk

	30 June 2017 £'000	*31 December 2016 £'000*
Fully collateralised		
Cash and cash equivalents	13,556	6,690
Loans and advances to customers	11,410	870
Investments	33,922	33,900
Trade and other receivables	1,204	1,094
Maximum exposure to credit risk	60,092	42,554

Collateral held as security

	30 June 2017 £'000	31 December 2016 £'000
Fully collateralised		
Loan-to-value* ratio:		
Less than 50%	–	–
50% to 70%	–	–
71% to 80%	716	–
81% to 90%	2,676	5
91% to 100%	7,557	23
	10,949	28
Partially collateralised		
Collateral value relating to loans over 100% loan-to-value	–	–
Unsecured lending	510	856

* Calculated using wholesale collateral values.

The majority of the TruFin OpCo Group's lending activities is asset, and the TruFin OpCo Group expects that the majority of its exposure is secured by the collateral value of the asset that has been funded under the loan agreement. The TruFin OpCo Group has unencumbered title to the collateral which is funded under loan agreements. The collateral comprises boats, motorcycles, recreational vehicles, caravans and industrial and agricultural equipment. The collateral has low depreciation and is not subject to rapid technological changes or redundancy. There has been no change in the TruFin OpCo Group's assessment of collateral and its underlying value in the reporting period.

The assets are generally in the counterparty's possession but this is controlled and managed by the asset audit process. The audit process checks on an agreed periodic basis that the asset is in the counterparty's possession and has not been sold out of trust or is otherwise not in the counterparty's control. The frequency of the audits is determined by the risk rating assessed at the time that the borrowing facility is first approved.

Additional security may also be taken to further secure the counterparty's obligations and further mitigate risk. Further to this, in many cases, the TruFin OpCo Group is often granted, by the counterparty, an option to sell-back the underlying collateral.

Based on the TruFin OpCo Group's current principle products, the counterparty repays its obligation under a loan agreement with the TruFin OpCo Group at or before the point that it sells the asset. If the asset is not sold and the loan agreement reaches maturity, the counterparty is required to pay the amount due under the loan agreement plus any other amounts due. In the event that the counterparty does not pay on the due date, the TruFin OpCo Group's customer management process will maintain frequent contact with the counterparty to establish the reason for the delay and agree a timescale for payment. Senior Management will review actions on a regular basis to ensure that the TruFin OpCo Group's position is not being prejudiced by delays.

In the event that the TruFin OpCo Group determines that payment will not be made voluntarily, it will enforce the terms of its loan agreement and recover the asset, instituting legal proceedings for delivery, if necessary. If there is a shortfall between the net sales proceeds from the sale of the asset and the counterparty's obligations under the loan agreement, the shortfall is payable by the counterparty on demand.

Concentration of credit risk

The TruFin OpCo Group maintains policies and procedures to manage concentrations of credit at the counterparty level and industry level to achieve a diversified loan portfolio. As at 30 June 2017, the largest

counterparty exposure was 15% of the total loan portfolio, and the largest industry sector exposure was 32% of the total loan portfolio.

Credit quality

An analysis of the TruFin OpCo Group's credit risk exposure for loan and advances per class of financial asset, internal rating and "stage" is provided in the following tables. A description of the meanings of Stages 1, 2 and 3 was given in the accounting policies set out above.

Risk rating	*Stage 1*	*Stage 2*	*Stage 3*	*30 June 2017 Total*	*31 December 2016 Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
1	85	–	–	85	23
2	2,358	–	–	2,358	–
3	3,040	–	–	3,040	228
4	2,789	–	–	2,789	210
5	872	268	–	872	423
6	677	–		677	–
7	79	–	–	79	–
8	1,560	–	–	1,560	–
Gross carrying amount	11,460	–	–	11,460	884
Loss allowance	(50)	–	–	(50)	(14)
Carrying amount	11,410	–	–	11,410	870

At 31 December 2016, all loans and advances to customers were in Stage 1.

Trade receivables

Status at balance sheet date	*30 June 2017 £'000*	*31 December 2016 £'000*
Not past due, nor impaired	353	243
Past due but not impaired	241	202
Impaired	–	–
Total gross carrying amount	594	445
loss allowance	–	–
Carrying amount	594	445
Net trade receivables	594	445

The TruFin OpCo Group has determined that all trade receivables are stage 1 due to the fact that they all relate to amounts outstanding from public sector bodies in the UK and US. As such there is no expectation of material future credit losses relating to these financial assets.

Amounts written off

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is £nil at 30 June 2017 (31 December 2016: £nil).

Liquidity risk

Liquidity risk is the risk that the TruFin OpCo Group does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of Group-specific and market-wide events.

Liquidity risk management

The TruFin OpCo Group delegates liquidity risk management to its subsidiary, DFC, which has in place a policy and control framework for managing liquidity risk. DFC's Asset and Liability Management Committee (ALCO) is responsible for managing the liquidity risk via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring. The ALCO meets on a monthly basis to review the liquidity position and risks. Daily liquidity reports are produced and reviewed by the management team to track liquidity and pipeline.

DFC is in the process of applying for a Bank Licence. One of the key requirements is to a have a comprehensive liquidity management process & documentation which is submitted to the Prudential Regulation Authority (PRA) for approval. These documents are in the process of being finalised and submitted to DFC's Board of Directors before being submitted to the PRA.

Group Finance performs treasury management for the TruFin OpCo Group, with responsibility for the treasury for each business entity being delegated to the individual subsidiaries. However, in line with the wider Group governance structure, Group Finance performs an important oversight role in the wider treasury considerations of the TruFin OpCo Group. The primary mechanism for maintaining this oversight is a formal requirement that subsidiaries' Finance teams notify all material Treasury matters to Group Finance.

The main Group responsibilities are to maintain banking relationships, manage and maximise the efficiency of the TruFin OpCo Group's working capital and long term funding, and ensure ongoing compliance with banking arrangements. TruFin OpCo Group current does not have any offsetting arrangements.

Liquidity stress testing

DFC has assessed its liquidity adequacy and viability for the first 12 months of operations, based on its 5 year business plan projections. Under this analysis, DFC is confident that it will be able to meet all of its liabilities as they fall due, even in a stress scenario.

A range of liquidity stress scenarios has been conducted (as detailed in the ILAAP & ICAAP), which demonstrates that DFC's liquidity profile at the end of this 12 month period will be sufficient to withstand a severe stress at this time.

Maturity analysis for financial assets and financial liabilities

The following maturity analysis is based on expected gross cash flows.

As at 30 June 2017

	Carrying amount	*Less than 1 months*	*1 – 3 months*	*3 months to 1 year*	*1 – 5 years*	*>5 years*
Financial assets						
Cash and cash equivalents	13,556	13,556	–	–	–	–
Trade receivables	594	454	140	–	–	–
Loans and advances to customers	11,410	816	819	9,897	243	–
Investment securities	33,922	–	–	–	–	33,922
	59,842	14,826	959	9,897	243	33,922
Financial liabilities						
Trade and similar payables	3,425	3,166	210	49	–	–
Borrowings	16,018	–	4,027	12,000	–	–
Preference shares	2,626	–	–	–	4,467	–
	22,069	3,166	4,237	12,049	4,467	–
Loan commitments	10,228	–	–	3,966	6,262	–

Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will reduce the TruFin OpCo Group's income or the value of its portfolios.

Market risk management

The TruFin OpCo Group's management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

The core market risk management activities are:

- The identification of all key market risk and their drivers;
- The independent measurement and evaluation of key market risks and their drivers;
- The use of results and estimates as the basis for the TruFin OpCo Group's risk/return-oriented management; and
- Monitoring risks and reporting on them

Interest rate risk management

The TruFin OpCo Group is exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of the change in market interest rates.

Interest rate risk

The TruFin OpCo Group's borrowings are predominantly at fixed rates of interest and hence there is little cash flow interest rate risk. Conversely there is little interest rate price risk because market interest rates are currently very low.

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business.

The TruFin OpCo Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their local functional currency (primarily Pound Sterling or US Dollars) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the TruFin OpCo Group.

The TruFin OpCo Group earns revenue and incurs costs in local currencies and is able to manage foreign exchange risk by matching the currency in which revenue is generated and expenses are incurred.

The majority of the TruFin OpCo Group's financial assets are held in Pound Sterling but movements in the exchange rate of the US Dollar against Sterling have an impact on both the result for the year and equity.

The carrying amounts of the TruFin OpCo Group's foreign currency denominated monetary assets and liabilities at the end of the year were as follows:

	Assets and liabilities denominated in US Dollars £'000
30 June 2017	
Financial assets	75
Financial liabilities	–
31 December 2016	
Financial assets	108
Financial liabilities	–
30 June 2016	
Financial assets	34
Financial liabilities	–

Capital Risk

The TruFin OpCo Group's objectives when managing capital are to safeguard the TruFin OpCo Group's ability to continue as a going concern and to maintain an optimal capital structure which provides an adequate return to shareholders.

Total capital is calculated as "Total equity" as shown in the combined balance sheet. In order to maintain or adjust the capital structure, the TruFin OpCo Group may adjust return capital to shareholders or issue new shares.

20. Non-controlling interests

The summarised financial information below represents amounts before intragroup eliminations.

	30 June 2017 £'000	*31 December 2016 £'000*
Current Assets	17,300	2,891
Non-current assets	28	5
Current liabilities	(2,641)	(163)
Non-current liabilities	(12,626)	–
Equity attributable to owners of the Company	1,648	2,186
Non-controlling interests	413	547

	For the 6 months ended 30 June 2017 £'000	*For the 6 months ended 30 June 2016 (unaudited) £'000*	*For the year ended 31 December 2016 £'000*
Revenue	145	–	–
Expenses	(1,781)	–	(571)
Loss for the year	(1,636)	–	(551)
Loss attributable to owners of the Company	(327)	–	(114)
Loss attributable to the non-controlling interests	(1,309)	–	(457)
Net cash outflow from operating activities	(9,349)	–	(484)
Net cash outflow from investing activities	(23)	–	(5)
Net cash inflow from financing activities	13,500	–	3,300
Net cash inflow	4,128	–	2,811

	£'000
Balance at 1 January 2016	–
On combination	661
Share of loss for the year	(114)
Payment of dividends	–
Balance at 1 January 2017	547
Share of loss for the year	(327)
Capital contribution	193
Payment of dividends	–
Balance at 30 June 2017	413

21. Leasing commitments

At the year-end date the TruFin OpCo Group has lease agreements in respect of properties and equipment for which the payments extend over a number of years. The future minimum lease payments under non-cancellable leases are as follows:

	30 June 2017 £'000	*31 December 2016 £'000*
Due in less than one year	201	504
Due between one and five years	–	40
Due after more than five years	145	–
Total future lease payments committed	705	185

22. Related party disclosures

The TruFin OpCo Group is ultimately owned by Arrowgrass Master Fund Limited.

Transactions with directors

Transactions with directors, or entities in which a director is also a director or partner:

	30 June 2017	*30 June 2016 (unaudited)*	*31 December 2016*
	£	*£*	*£*
Consultancy services provided by a director	–	356	738

Key management personnel disclosures are provided in note 5.

Transactions with shareholders

AltLending has a £250,000,000 borrowing facility with AltLending Ireland, of which certain amounts have been drawn down, and repaid, with an outstanding capital balance of £12,000,000 as at 30 June 2017.

On 20 May 2016 a £1,000,000 loan facility, with a variable fee based upon 75% of related receivables income received, was extended by Arrowgrass to SFSL. This loan was repaid in full in August 2017.

On 13 March 2017 a £3,000,000 loan, with 2% interest coupon, maturing on 9 September 2017, was extended by Arrowgrass to SFSL. This loan was also repaid in full during August 2017.

Funding of £3,500,000 was received by DFC on 3 March 2017 from Arrowgrass in the form of preference shares, paying a fixed cumulative preferential dividend at an annual rate of 5% compounded annually on 31 December each year. The shares are redeemable by the shareholder on or before 2 March 2022. The fair value of the preference shares on day 1 was determined to be £2,536,000 with the remaining £964,000 recognised as a capital contribution.

Funding of £11,900,000 was received over the course of 2016 by Oxygen Finance from Arrowgrass in the form of Promissory notes. The notes were all repayable on demand, but carried no interest coupon if not called. The entire balance was converted to ordinary shares in Oxygen Finance Limited on 28 June 2017.

23. Post balance sheet events

TruFin plc and TruFin Holdings Limited were both incorporated on 29 November 2017. Arrowgrass owns 100% of TruFin plc which in turn owns 100% of TruFin Holdings Limited. On 29 December 2017, a reorganisation took place such that all the companies comprising the TruFin OpCo Group were brought under TruFin Holdings Limited.

Arrowgrass' holding of preference shares in DFC was transferred to TruFin Holdings Limited as part of the reorganisation.

A convertible loan of £1.5m was extended by SFSL to an online games business on 27 October 2017. Interest is payable at 1% per month and SFSL has the option to convert the loan to ordinary shares in the games business at any time at a pre-agreed price per share, unless the games business has raised equity amounting to at least 5% of issued share capital at a lower price in which case the lowest price will be used as the conversion price.

In the event a conversion does occur, SFSL has an option to purchase additional shares in the games business at a pre-agreed strike price per share. The number of shares will be calculated as twice the interest payable during the term of the facility, divided by the conversion price. If SFSL's equity holding reaches an agreed threshold, then the option strike price is deemed to be nil.

In addition, SFSL has been given an option to purchase a sufficient number of shares to reach this threshold, at a pre-agreed price per share, which is well above the current agreed valuation.

SFSL signed a shareholders' agreement with the online games business and PlayIgnite Limited in November 2017. PlayIgnite Limited is intended to facilitate the development, publishing and marketing of computer game apps. by third party publishers and developers, with funding provided by Satago. Under the agreement, SFSL took a 40% equity stake in PlayIgnite Limited.

On 13 December 2017, DFC entered into a two year, £40m senior debt facility with Citi, secured on a floating pool of underlying assets. Interest is payable at 3 month LIBOR + 4%.

Clear Funding Financial Services Limited, changed its name to Satago Financial Solutions Limited on 16 August 2017.

The employees of the joint venture, Clear Funding, transferred to SFSL on 1 August 2017.

Arrowgrass made an equity investment of £2m in SFSL on 10 July 2017.

AltLending drew-down £15m via its revolving loan agreement with AltLending Ireland (DAC) to provide funding for DFC on 20 July 2017. The loan from AltLending to DFC was for a 12 month term and carries a fixed interest coupon of 12%. Since the re-organisation, this loan is now an intra-group transaction.

AltLending drew-down a further £20m from AltLending Ireland (DAC) to provide funding for to SFSL on 21 August 2017. The loan from AltLending to SFSL was for a 12 month term and carries a fixed interest coupon of 2%. SFSL used the proceeds of this loan to repay a loan of £4m to Arrowgrass on 25 August 2017. Since the re-organisation, this loan is now an intra-group transaction.

Following the reorganisation on 29 December 2017, AltLending's facility with AltLending Ireland (DAC) is no longer available and no amounts remain outstanding.

PART 4

ADDITIONAL INFORMATION

1. Incorporation and status of the Company

(a) The Company was incorporated and registered in Jersey under the Companies Law on 29 November 2017 with registered number 125245 as a public company limited by shares with the name TruFin plc.

(b) The principal legislation under which the Company operates and under which the Ordinary Shares will be issued is the Companies Law and the regulations made thereunder. The Company is tax resident in the United Kingdom.

(c) The registered office of the Company is at 26 New Street, St Helier, Jersey, JE2 3RA and its telephone number is 0203 743 1340.

(d) The liability of the members of the Company is limited.

(e) The address of the Company's website which discloses the information required by Rule 26 of the AIM Rules for Companies is www.trufin.com.

2. Share capital of the Company

(a) On incorporation the Company had an unlimited authorised share capital of no par value of which one Ordinary Share was issued to Arrowgrass and one Ordinary Share was issued to Premier Circle Limited, as nominee for Arrowgrass.

(b) On 29 December 2017, as part of the Group reorganisation, the Company issued 123,965,702 Ordinary Shares to Arrowgrass in connection with:

(i) the transfer of a revolving credit facility (of which £1,000,000 is now currently advanced to AUK) by Arrowgrass (as lender) to TruFin Holdings, which was subsequently transferred to Satago FS;

(ii) the transfer of the remaining members of the Group (including the interest in Zopa) by Arrowgrass to TruFin Holdings, and the subsequent transfer of TruFin Holdings to the Company.

(c) On 12 February 2018, the following resolutions were passed:

(i) the Company's articles of association be amended by adopting the Articles;

(ii) the 123,965,703 Ordinary Shares in the capital of the Company held by Arrowgrass be consolidated to form 57,118,419 Ordinary Shares of no par value such that after adoption of this resolution as a special resolution the capital of the Company shall consist of 57,118,419 Ordinary Shares of no par value held by Arrowgrass and one Ordinary Share of no par value held by Premier Circle Limited;

(iii) subject to the passing of the resolution in paragraph 2(c)(i) the Directors were authorised for the purposes of the Articles to allot relevant securities in the capital of the Company on such terms and conditions as they may in their discretion think fit:

(A) up to a maximum number of 36,842,106 Ordinary Shares to be allotted pursuant to the Capital Raising;

(B) up to a maximum number of 3,407,895 EBT Shares to be allotted jointly to the trustee of the EBT and relevant JSOP Award holder; and

(C) otherwise than pursuant to 2(c)(iii)(A) and (B) up to an aggregate number equivalent to one third of the Enlarged Ordinary Share Capital);

provided that the authorisation shall expire, unless sooner revoked or altered by ordinary or special resolution on 12 February 2019 or if earlier at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company prior to or on that date);

(iv) subject to the passing of the resolution detailed in paragraph 2(c)(i) above, the Directors were empowered to allot equity securities pursuant to the Articles as if Article 3 (pre-emption rights) of the Articles did not apply to such allotment, such power being limited to:

(A) up to an aggregate number of 36,842,106 Ordinary Shares in connection with the Capital Raising;

(B) up to an aggregate number of 3,407,895 EBT Shares to be allotted jointly to the trustee of the EBT and the relevant JSOP Award holder;

(C) otherwise than pursuant to 2(c)(iv)(A) or (B), the allotment of equity securities in connection with a rights issue; and

(D) otherwise than pursuant to 2(c)(iv)(A), (B) or (C), the allotment of equity securities up to an aggregate number of Ordinary Shares equal to 10% of the Enlarged Ordinary Share Capital;

such power to expire on 12 February 2019 or, if earlier, at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company prior to or on that date); and

(v) the Company was generally and unconditionally authorised to purchase in accordance with Article 57 of the Companies Law, Ordinary Shares of no par value in the capital of the Company provided that:

(A) the maximum number of Ordinary Shares authorised to be acquired is 9,736,842 (being 10% of the Ordinary Shares in issue as at the date of the resolution);

(B) the minimum price which may be paid for each Ordinary Share is nil;

(C) the maximum price which may be paid for each Ordinary Share is an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange for the five business days immediately preceding the day on which such share is contracted to be purchased;

(D) unless previously renewed, varied or revoked by the Company in a general meeting, the authority conferred shall expire on 12 February 2023, being a date not later than 5 years after the passing of this resolution or, if earlier, on the date of the next annual general meeting of the Company;

(E) the Company may make a contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its Ordinary Shares in pursuance of any such contract;

(F) the Directors provide a statement of solvency in accordance with Articles 55 and 57 of the Companies Law; and

(G) such shares are acquired for cancellation or to be held as treasury shares in accordance with Article 58A of the Law.

(d) With effect immediately upon Admission, and pursuant to the authority given by the resolutions referred to in paragraph 2(c) above, 36,842,106 Capital Raising Shares will be allotted at the Capital Raising Price pursuant to the Capital Raising.

(e) With effect immediately upon Admission, and pursuant to the authority given by the resolutions referred to in paragraph 2(c) above, the trustee of the EBT and relevant JSOP Award holder will jointly subscribe for, in aggregate, 3,407,895 EBT Shares in consideration of the continued employment by the relevant JSOP Award holder with the Company, further details of which are provided at paragraph 5 of this Part 4.

(f) The Company's issued share capital as at the date of this document and as it is expected to be immediately following Admission is as set out below:

	Number of ordinary shares
At the date of this document	57,118,420
On Admission	97,368,421

(g) Application has been made for the Enlarged Ordinary Share Capital to be admitted to trading on AIM. The Ordinary Shares are not listed or traded on and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on any other stock exchange or securities market.

(h) With effect from Admission, all of the Ordinary Shares will be in registered form and, subject to the Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will be capable of being held in uncertificated form. No temporary documents of title will be issued.

(i) 36,842,106 Capital Raising Shares are being issued pursuant to the Capital Raising at a price of 190p per Capital Raising Share. No expenses are being charged to any subscriber or purchaser.

(j) Save in connection with the Capital Raising or to fulfil options granted under the Share Schemes described in paragraph 5 below, there is no present intention to issue any share or loan capital in the Company following Admission.

(k) Save as set out in this document, no shares in the capital of the Company are under option or have been agreed, conditionally or unconditionally, to be put under option.

3. Articles of association

The Articles contain provisions, inter alia, to the following effect:

(a) *Objects*: The memorandum of association of the Company provides that the Company has unrestricted corporate capacity. The Company has all the powers and capacity of a natural person.

(b) *Alteration of capital*: The Company may, by special resolution, alter its stated capital in any manner permitted by the Companies Law. Subject to the provisions of the Companies Law, the Company may, by special resolution, reduce its capital in any way.

(c) *Purchase of own shares*: Subject to, and in accordance with, the Companies Law and to any special rights attached to any class of shares, the Company may purchase or agree to purchase in the future any of its own shares of any class (including, without limitation, redeemable shares) in any way and at any price and may hold such shares as treasury shares.

(d) *Share rights*: Subject to the Companies Law and subject to, and without prejudice to, any rights attached to any existing shares, any share in the Company may be issued with or have attached to it such rights or restrictions as to issuance as the Company may by ordinary resolution determine. Subject to the Companies Law, the Company may issue shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of such redeemable shares and on such terms and in such manner as may be determined by ordinary resolution.

(e) *Allotment of securities and pre-emption rights*: Subject to the provisions of the Companies Law, the prior sanction of an ordinary resolution and any further resolutions of the Company passed by the Company conferring authority on the Directors to allot shares and without prejudice to any rights attached to existing shares, all unissued shares are at the disposal of the Board and they may allot, grant options over, grant warrants in respect of or otherwise dispose of them as they think fit.

Although the Companies Law does not provide any statutory pre-emption rights, the Articles provide that when proposing to allot shares or fractions of shares of any class, the Company must first offer such shares to existing holders of shares of the relevant class in proportion to their respective holdings of the relevant shares then in issue (i.e. the provisions relating to statutory pre-emption rights under the Companies Act have been broadly replicated in the Articles).

Such pre-emption rights shall not apply:

- where the shares are being allotted pursuant to the terms of an employee share scheme;
- in the case of bonus shares; or
- where they have been disapplied by way of a special resolution.

(f) *Share certificates*: Every holder on becoming the holder of any certificated share whose name is entered on the Company's register of members as a holder of any certificated shares is entitled, without payment, to one certificate in respect of all the shares of any class held by him. In the case of joint holders, delivery of a certificate to one of the joint holders shall be sufficient delivery to all.

(g) *Call forfeiture and lien*: The Board may from time to time make calls upon the holders in respect of any consideration agreed to be paid for such shares that remains unpaid. Each holder shall (subject to being given at least 14 days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on such shares. If any call or instalment of a call remains unpaid on or after the due date for payment, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid.

Interest shall be paid at the rate fixed by the terms of the allotment or in the notice of call or, if no rate is fixed, at the Bank of England base rate plus 3% per annum, provided that the Board may waive payment of the interest wholly or in part. The Board may also (on giving not less than 14 days' notice or such period of notice provided under the terms of allotment requiring payment of the amount unpaid together with interest and costs incurred) forfeit the shares by resolution of the Board. The forfeiture shall include all dividends or moneys payable in respect of the forfeited shares. The forfeited shares may be sold, re-allotted or otherwise disposed of by the Board in such manner as it determines.

The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all amounts payable to the Company (whether presently payable or not) in respect of such share.

The Board may declare any share to be wholly or partly exempt from the provisions in the Articles in respect of liens. The Company may sell, in such manner as the Board determines, any share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after a notice demanding payment and stating that the share may be sold for non-compliance with such notice shall have been given to the holder of the share or to the person entitled to it by transmission.

(h) *Variation of rights*: Subject to the provisions of the Companies Law and to any rights attached to existing shares (and except in the case where there is only one holder of the issued shares of a class of shares, in which case any and all rights attached to an existing class of shares may be varied only with the consent in writing of that holder), all or any of the rights attached to any class of shares may be varied either with the written consent of the holders of not less than 75% in number of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the issued shares of that class.

(i) *Transfer of shares*: The instrument of transfer of a certificated share may be in any usual form or in any other form approved by the Board and shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

A member may transfer all or any of his uncertificated shares in accordance with the CREST Regulations, provided that legal title to such shares shall not pass until the transfer is entered in the register.

Shares are free from any restriction on transfer. In exceptional circumstances approved by the UKLA, the Directors may refuse to register a transfer of shares or where such shares are CREST Regulations the Directors may refuse to register such transfer (in accordance with the CREST Regulations) provided that such refusal would not disturb the market in those shares. Subject to the requirements of the AIM Rules, the Directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a certificated share which is not fully paid or the transfer of a certificated share on which the Company has a lien.

The Board may refuse to register the transfer of a share in certificated form unless the instrument of transfer:

- is left at the registered office of the Company (or at another place as the Board may from time to time determine) accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- is in respect of one class of share only; and
- in the case of a transfer to joint holders, is in favour of not more than four persons.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with the Company.

Subject to any applicable stamp duties or other taxes, no fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.

(j) *Suspension of rights*: If a Shareholder or any person appearing to be interested in shares held by such a Shareholder has been duly served with a notice under the Articles and has failed in relation to any shares ("default shares") to give the Company the information thereby required, then the Company has the right by delivery of notice to the Shareholder to (a) suspend the Shareholder's right to vote at meetings of the Company in respect of such default shares, (b) where such shares represent not less than 0.25% in number of the issued shares of their class (i) withhold, without any obligation to pay interest thereon, any dividends payable with respect to such default shares, (ii) render ineffective any election to receive shares of the Company instead of cash in respect of a dividend and/or (iii) prohibit the transfer of any shares in the Company held by the Shareholder except with the consent of the Company or if the defaulting Shareholder can provide satisfactory evidence to the Company and the Company determines that the shares are not default shares.

(k) *General meetings*: The Board shall convene and the Company shall hold an annual general meeting once every year provided that the first annual general meeting shall be held within 18 months of the Company's incorporation and provided there is not a gap of more than 18 months between one annual general meeting and the next. The Board may convene a general meeting whenever it thinks fit and immediately on receipt of a requisition from members in accordance with the Companies Law.

The quorum for a general meeting is two persons entitled to vote upon the business to be transacted, each being a holder present in person or by proxy.

At least 14 clear days' notice shall be given in respect of every general meeting, including any annual general meeting.

The notice shall specify the place, day and time of the meeting and the general nature of the business to be transacted at the meeting. It shall also state that a member entitled to attend and vote may appoint one or more proxies in its place.

In the case of an annual general meeting, the notice shall specify the meeting as such. In the case of a meeting to pass a special resolution, the notice shall specify the intention to propose the resolution as a special resolution.

For the purpose of determining whether a person is entitled as a member to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time not more than 48 hours before the time fixed for the meeting, by which a person who holds shares in registered form must be entered on the register in order to have the right to attend or vote at the meeting or to appoint a proxy to do so.

All resolutions put to the vote of a general meeting shall be decided upon by a show of hands unless a poll is validly demanded. Subject to any rights and restrictions attached to any shares, members and their duly appointed proxies shall have the right to attend and vote at general meetings and to demand or join in demanding a poll.

A Director or a representative of the auditor (if any) shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Company.

The Chairman may, with the consent of a meeting at which a quorum is present, adjourn the meeting.

(l) *Voting rights*: Subject to any special terms as to voting attached to any shares and to the Articles, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. A member may appoint more than one proxy.

Unless the Board otherwise decides, no member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares unless all moneys presently payable by him in respect of his shares have been paid.

In the case of joint Shareholders, unless otherwise provided in writing by the joint holders to the Company, only the vote of the joint holder whose name in respect of those Shares appears first in the register of members shall be accepted.

(m) *Appointment of directors*: Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than two. Directors may be appointed by ordinary resolution or by the Board.

Subject to the provisions of the Companies Law, the Board may appoint one or more of their number to hold an executive office with the Company and may enter into an agreement or arrangement with any director for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, agreement or arrangement may be made upon such terms as (subject to the law) the Board thinks fit and they may remunerate any such director for his services as they think fit.

(n) *No share qualification*: A Director shall not be required to hold any shares in the capital of the Company by way of qualification.

(o) *Retirement of directors*: A Director appointed by the Board shall submit himself for re-election at each annual general meeting.

(p) *Remuneration of directors*: The fees payable to the Non-Executive Directors shall not exceed an aggregate amount of £500,000 per annum or such greater amount as shall be determined by the

Company by ordinary resolution. This is distinct from any salary, remuneration or other amount which may be payable to the Executive Directors.

The Directors are entitled, under the Articles, to be paid all reasonable expenses as they may properly incur in attending meetings of the Directors or of any committee of the Directors or Shareholder meetings or otherwise in connection with the discharge of their duties.

(q) *Powers of directors*: Subject to applicable law (including the provisions of the Companies Law) and the Articles and any direction given by special resolution, the business of the Company shall be managed by the Board which may exercise all the powers of the Company. The Board may delegate any of its powers to a person or to a committee consisting of more than one person (provided that a majority of the members of a committee shall be Directors).

(r) *Borrowing powers*: The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Companies Law and the Articles, to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

(s) *Proceedings of directors*: A Director may, and the secretary at the request of a Director shall, call a meeting of the Board by giving notice of the meeting to each Director. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Any Director may waive notice of a meeting and any such waiver may be retrospective.

The quorum for the transaction of the business of the Board may be fixed by the Board and unless so fixed at any other number shall be two. A person who holds office only as an alternate Director may, if his appointor is not present, be counted in the quorum.

A resolution in writing executed by all the Directors entitled to receive notice of a Board meeting and not being less than a quorum, or by all members of a committee of the Board entitled to receive notice of a committee meeting and not being less than a quorum, shall be as valid and effective as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board.

A person entitled to be present at a meeting of the Board or of a committee of the Board shall be deemed to be present for all purposes if he is able by way of a conference telephone or other communication equipment which allows everybody participating in the meeting to speak to and be heard by all those present or deemed to be present simultaneously. A Director so deemed to be present shall be entitled to vote and be counted in a quorum accordingly.

(t) *Permitted interests of directors*: Subject to the Companies Law and provided he has disclosed to the Board the nature and extent of any direct or indirect interest of his, in accordance with the Companies Law, a Director, notwithstanding his office:

- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary of the Company or in which the Company or any such subsidiary is or may otherwise be interested;
- may be interested in another body corporate promoted by the Company or any such subsidiary or in which the Company or any such subsidiary is otherwise interested. In particular, the Director may be a director, secretary or officer of, or employed by, or be a party to any transaction or arrangement with, or otherwise interested in, that other body corporate;
- is not liable to account to the Company for any benefit which he derives from any such transaction or arrangement or from any such office or employment or from any interest in any

such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

An interested Director must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract, arrangement, transaction or proposal is first considered or if for any reason he fails to comply with that obligation, as soon as practical after that meeting by notice in writing delivered to the secretary of the Board.

A general notice in writing given to the Board by any Director that he is to be regarded as interested in any contract, arrangement, transaction or proposal shall be deemed a sufficient declaration of interest in relation to the same.

(u) *Restrictions on voting*: A Director may vote at a meeting of Directors on any resolution concerning a matter in which that Director has an interest or duty, whether directly or indirectly, so long as that Director discloses his interest pursuant to the Articles. Subject to such disclosure, the Director shall be counted towards a quorum of those present at the meeting and, if the Director votes on the resolution, his vote shall be counted.

Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company, any subsidiary of the Company or any body corporate in which the Company is otherwise interested, the proposals may be divided and considered in relation to each Director separately and each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

(v) *Indemnity of officers and insurance*: The Companies Law restricts indemnities or exemptions from liability given by Jersey companies to their directors and officers. In general, directors and officers of a Jersey company cannot be exempted from or receive an indemnity in respect of any liability which would otherwise attach to that director or officer under law by reason of the fact that they are or were a director or officer of the company. There are exemptions to this restriction in particular in respect of proceedings where the director or officer is not held liable or the matter is discontinued, where the director or officer acted in good faith with a view to the best interests of the company and in respect of any liability for which the company normally maintains insurance for persons other than directors.

The Articles provide that (subject to certain express exceptions set out in the Articles) a Director may be indemnified out of the assets of the Company to the extent this is legally permissible under the Companies Law and that, subject to the Companies Law, the Board may purchase and maintain insurance against any liability for any Director of the Company or of any associated company.

(w) *Dividends and other distributions*: Subject to the provisions of the Companies Law, the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the Shareholders, but no such dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Companies Law, the Board may pay interim dividends. A general meeting declaring a dividend may, upon the recommendation of the Board, direct that payment of a dividend shall be satisfied wholly or partly by the issue of shares or the distribution of assets and the Board shall give effect to such resolution.

Except as otherwise provided by the rights attaching to or terms of issue of any shares, all dividends shall be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

No dividend or other moneys payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.

The Directors may deduct from any dividend or other moneys payable to a Shareholder all sums of money (if any) presently payable by the holder to the Company on account of calls or otherwise in relation to such shares.

Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the holder or the person recognised by the Directors as entitled to the share or, if two or more persons are the holders or are recognised by the directors as jointly entitled to the share, to the registered address of the first holder named in the register or to such person or persons entitled and to such address as the Directors shall in their absolute discretion determine.

Any dividend unclaimed after a period of 10 years from the date on which it became payable shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

(x) *Capitalisation of profits*: The Board may, with the authority of an ordinary resolution, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution).

(y) *Distribution of assets in a liquidation*: On a winding up, the Company may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the Shareholders in specie provided that no holder shall be compelled to accept any assets upon which there is a liability.

On return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after payment of its liabilities shall, subject to the rights of the holders of other classes of shares, be applied to the holders of Ordinary Shares equally pro rata to their holdings of Ordinary Shares.

4. Comparison of Jersey law and English law

There are a number of differences between company law in England and Wales and company law in Jersey, which may impact the holders of Ordinary Shares. However, where permitted by the Companies Law and considered to be appropriate, rights and protections similar to those provided to Shareholders under the laws of England and Wales have been conferred on holders of Ordinary Shares by the Articles, including as described in the summary of certain provisions of the Articles set out in paragraph 3 of this Part 4.

Also, following and subject to Admission, the Company will be required to comply with the AIM Rules for Companies (including rules relating to related party transactions and significant transactions) and the DTRs. In certain of the instances where the AIM Rules for Companies and the DTRs apply differently to an overseas company, provision has been made in the Articles to apply the rules as if the Company was a company incorporated in the United Kingdom.

A summary of the key differences between company law in England and Wales, for which the principal legislation is the Companies Act, and company law in Jersey, for which the principal legislation is the Companies Law, are set out below. This summary is not a complete and exhaustive analysis of all differences. Persons seeking a detailed explanation of any provisions of the Companies Law or the difference between it and the laws of England and Wales, or any other jurisdiction with which they may be more familiar, should seek specific legal advice.

(a) *Allotment of shares*: Under the Companies Law, there is no equivalent of section 551 of the Companies Act and the directors of a company do not need the sanction of the shareholders to issue and allot shares; however, in accordance with the Articles, whilst the Company is listed on AIM, the Directors must obtain such sanction prior to the issue and allotment of Ordinary Shares.

(b) *Pre-emption rights*: Jersey law does not grant shareholders the benefit of pre-emption rights in relation to the allotment of new shares in a company unless otherwise specifically included in that company's articles of association. Pre-emption rights have been included in the Articles, details of which are set out in the summary of the Articles in paragraph 3 of this Part 4.

(c) *Partly paid shares*: The Companies Law allows for partly paid shares to be allotted.

(d) *Shareholder resolutions*: Under the Companies Law, an ordinary resolution requires a simple majority in favour while a special resolution requires a two-thirds majority in favour (unless the

articles of association prescribe a greater majority such as the Articles which prescribe 75% reflecting the position under the Companies Act).

(e) *Directors' indemnity*: The circumstances in which the Companies Law permits a Jersey company to indemnify its directors in respect of liabilities incurred by its directors in carrying out their duties are limited, and differ slightly to the analogous rules under English law. However, there is no general prohibition on the granting of loans by a Jersey company to its directors (although the directors remain subject to fiduciary duties when considering the grant of any such loans) and any costs incurred in defending any proceedings which relate to anything done or omitted to be done by that director in carrying out his duties may be funded by way of loans from the Company.

(f) *Directors' interests*: The Companies Law does not require the directors of a Jersey company to disclose to the company their beneficial ownership of any shares in the company (although they must, pursuant to Article 74 of the Companies Law, disclose to the company the nature and extent of any direct or indirect interest which conflicts, or may conflict to a material extent with, a transaction into which the company or any of its subsidiaries is proposing to enter). The Directors are required to comply with the provisions of the AIM Rules for Companies and, pursuant to the Articles, Chapter 5 of the DTRs.

(g) *Compensation payments to directors*: The Companies Law does not require that shareholders approve compensation payments made to directors for loss of office, whereas under English law, a payment by a company for loss of office to a director of a company or its holding company must be approved by a resolution of shareholders.

(h) *Borrowing power*: The directors of a Jersey company may exercise all of the borrowing powers of the company without limit, unless the articles of association stipulate otherwise.

(i) *Disclosure of interests in shares*: The Companies Law does not grant the directors of a Jersey company a statutory power to request information concerning the beneficial ownership of shares, but powers based on section 793 of the Companies Act have been incorporated into the Articles entitling the Directors to request information to establish details of interests in shares in the Company.

(j) *Notice of meeting*: Any general meeting of a Jersey company may be convened on 14 days' notice (rather than 21 days' notice required under English law for annual general meetings).

(k) *Requisition of general meetings*: Under the Companies Law, shareholders holding not less than 10% of the total voting rights of the shareholders of a company may requisition a meeting of shareholders, whereas under the Companies Act this right may be exercised by shareholders representing at least 5% of the paid up voting capital.

(l) *Voting by poll*: Under the Companies Law, at a meeting of shareholders, a poll may be demanded in respect of any question by (i) no fewer than five shareholders having the right to vote on the question; or (ii) shareholder(s) representing not less than 10% of the total voting rights of all shareholders having the right to vote on the question. Under the Companies Act, shareholder(s) representing 10% of the total sum paid up on all shares giving the right to vote may demand a poll.

(m) *Proxies*: For public companies, proxies are not permitted to speak at a meeting of members and unless the articles of association provide otherwise (which the Articles do), proxies are not entitled to vote except on a poll.

(n) *Dividends*: The Companies Law has largely moved away from a capital maintenance regime to a solvency-based approach. Jersey companies are permitted to make distributions to shareholders without reference to distributable reserves. Instead, distributions may be made out of a Jersey company's assets (other than any capital redemption reserve) provided the directors approving the distribution give the appropriate solvency statement required by the Companies Law to the effect that the Jersey company will be able to continue its business and meet its liabilities as they fall due for the next 12 months.

(o) *Redemptions*: The Companies Law provides that a Jersey company's redeemable shares may be redeemed out of any financial resource of the company. In particular, redeemable shares are allowed to be redeemed in whole or in part out of stated capital accounts of the company without the need for capital redemption reserves, provided such shares are fully paid. Redemptions are subject to the same solvency test as for the making of dividends.

(p) *Share buybacks*: Jersey companies can buy back their shares from any financial resource of the company. Any such buyback is subject to the same solvency test as for dividends and redemptions. Share buybacks must be approved by way of a special resolution of the shareholders. Where such shares are being bought "off-market", there must also be a contract governing the buyback which must be approved by ordinary resolution of the shareholders.

(q) *Bonus issues*: A Jersey company may, by special resolution, apply a capital redemption reserve in issuing shares to be allotted as fully paid bonus shares.

(r) *Circulation of resolutions*: The Companies Law does not confer rights on members to require a company to circulate resolutions proposed to be moved by members at the next annual general meeting, or to circulate explanatory statements relating to any matter relating to a proposed resolution at a general meeting, or rights to an independent scrutiny of a poll taken or to be taken at a general meeting, or rights for a nominee holder of shares to have information rights granted to the underlying beneficial owner of the share.

(s) *Donations*: There is no restriction on donations by a company to political organisations under the Companies Law.

(t) *Dissolutions*: Under Jersey Law, the two procedures for dissolving a Jersey company are winding up and "en désastre". Concepts such as receivership, administration and voluntary arrangements do not exist under the Companies Law. The concept of a winding up is broadly similar to that under English law except that, under the Companies Law, a winding up may only be commenced by the Jersey company and not by one of its creditors. If the company is solvent, the winding up will be a summary winding up. If the company is insolvent, the winding up will be a creditors' winding up. A creditor wishing to dissolve a Jersey company would seek to have the company's property declared "en désastre" (literally meaning "in disaster"). If the company's property is declared "en désastre", all of the powers and property of the company (whether present or future or situated in Jersey or elsewhere) are vested in the Viscount (an officer of the court). The role of the Viscount is similar to that of a liquidator. The Viscount's principal duty is to act for the benefit of the company's creditors. He is not under an obligation to call any creditors' meetings, although he may do so.

5. Share incentive arrangements

(a) ***The TruFin plc Performance Share Plan 2018 ("PSP")***

Awards granted under the PSP ("PSP Awards") will take the form of an option to acquire Ordinary Shares for nil consideration. It will also be possible to grant options under the PSP to acquire Ordinary Shares upon payment of an exercise price.

It is intended that the following PSP Awards will be granted to the Management Team on the date of Admission ("PSP Founder Awards"):

- in respect of a maximum of 1,825,658 Ordinary Shares to Henry Kenner (capped on the basis set out below),
- in respect of a maximum of 1,582,237 Ordinary Shares to James van den Bergh (capped on the basis set out below).

The PSP Founder Awards comprise a nil cost option and will vest as to:

- 25% on the first anniversary of Admission, in respect of 25% of the number of Ordinary Shares which are subject to the PSP Founder Award multiplied by the Capital Raising Price and

divided by the market value of an Ordinary Share as at the date of vesting (rounded down to the nearest whole share), but not more than 25% of the number of Ordinary Shares which are subject to the PSP Founder Award,

- 25% on the second anniversary of Admission, in respect of 25% of the number of Ordinary Shares which are subject to the PSP Founder Award multiplied by the Capital Raising Price and divided by the market value of an Ordinary Share as at the date of vesting (rounded down to the nearest whole share), but not more than 25% of the number of Ordinary Shares which are subject to the PSP Founder Award,

- 25% on the third anniversary of Admission, in respect of 25% of the number of Ordinary Shares which are subject to the PSP Founder Award multiplied by the Capital Raising Price and divided by the market value of an Ordinary Share as at the date of vesting (rounded down to the nearest whole share), but not more than 25% of the number of Ordinary Shares which are subject to the PSP Founder Award, and

- 25% on the fourth anniversary of Admission, in respect of 25% of the number of Ordinary Shares which are subject to the PSP Founder Award multiplied by the Capital Raising Price and divided by the market value of an Ordinary Share as at the date of vesting (rounded down to the nearest whole share), but not more than 25% of the number of Ordinary Shares which are subject to the PSP Founder Award.

Although the maximum number of Ordinary Shares set out as being subject to the PSP Founder Awards could be delivered to the holders of such awards, the value of the Ordinary Shares which can ever be received by such holders is limited to the value of such number of Ordinary Shares multiplied by the Capital Raising Price; i.e. £1.90.

The PSP Founder Awards will not be subject to performance conditions and shall be exercisable during the period commencing on vesting (in respect of each tranche) and ending on the tenth anniversary of Admission.

It is not intended that any further PSP Awards which are on the same terms as the PSP Founder Awards will be granted after the date of Admission.

It is intended that the following PSP Awards will be granted to the Management Team on the date of Admission ("PSP Market Value Awards"):

- in respect of 2,190,789 Ordinary Shares to Henry Kenner,

- in respect of 1,703,947 Ordinary Shares to James van den Bergh,

- in respect of 486,842 Ordinary Shares to Jason Rogers and

- in respect of 486,842 Ordinary Shares to Raxita Kapashi.

The PSP Market Value Awards will have an exercise price equal to the Capital Raising Price and will vest as to:

- 20% of the number of Ordinary Shares which are subject to award (rounded up to the nearest whole share) when the average closing share price of the Ordinary Shares over a three month period is 50% above the Capital Raising Price;

- 20% of the number of Ordinary Shares which are subject to award (rounded up to the nearest whole share) when the average closing share price of the Ordinary Shares over a three month period is 75% above the Capital Raising Price;

- 20% of the number of Ordinary Shares which are subject to award (rounded up to the nearest whole share) when the average closing share price of the Ordinary Shares over a three month period is 100% above the Capital Raising Price;

- 20% of the number of Ordinary Shares which are subject to award (rounded up to the nearest whole share) when the average closing share price of the Ordinary Shares over a three month period is 150% above the Capital Raising Price; and
- the balance of the number of Ordinary Shares which are subject to award when the average closing share price of the Ordinary Shares over a three month period is 200% above the Capital Raising Price.

Following vesting, the PSP Market Value Awards will be exercisable until the tenth anniversary of Admission.

It is not intended that any further PSP Awards which are on the same terms as the PSP Market Value Awards will be granted after the date of Admission.

It is also intended that PSP Awards will be granted on the date of Admission:

- in respect of 368,421 Ordinary Shares to Henry Kenner,
- in respect of 263,158 Ordinary Shares to James van den Bergh,
- in respect of 184,211 Ordinary Shares to Jason Rogers; and
- in respect of 184,211 Ordinary Shares to Raxita Kapashi.

These PSP Awards will vest on the third anniversary of Admission, to the extent that applicable performance targets are met, and will be exercisable during the period commencing on vesting and ending on the tenth anniversary of Admission. The performance targets for these PSP Awards will relate to performance against the business plans of DFC and Oxygen for the three years commencing 1 January 2018. The business plans will reflect agreed KPIs such as gross revenue, PBTDA, client penetration, total procurement spend, average month end loanbook and impairment rate.

(i) *Eligibility*: Executive directors and employees of any Group company may be granted PSP Awards.

(ii) *Grant*: The Remuneration Committee will have absolute discretion to select employees to whom PSP Awards may be granted and, subject to the limits set out below, in determining the number of Ordinary Shares which are to be subject to a PSP Award.

PSP Awards may be granted during the period of 42 days commencing on: (i) adoption of the PSP; (ii) the date of Admission; (iii) the Dealing Day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year, provided that if the Ordinary Shares are admitted to AIM at the time in question, no PSP Awards may be granted during the first three Dealing Days following the date of any such announcement; or (iv) any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be so exceptional as to justify the grant of PSP Awards.

If the grant of a PSP Award on any of the above days would be prohibited by virtue of the Company's share dealing code or the Market Abuse Regulation, then such PSP Award may be granted during the period of 40 days commencing immediately after the second Dealing Day following the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of a PSP Award.

(iii) *Plan Limits*: On any date, no PSP Award may be granted if, as a result, the aggregate number of Ordinary Shares which are issued or issuable due to awards granted during the previous ten years under the PSP or any other employees' share plan adopted by the Company would exceed 10% of the number of Ordinary Shares in issue on that date.

For the purposes of the limits set out above:

- 3,407,895 Ordinary Shares issued or then capable of issue pursuant to PSP Founder Awards or JSOP Founder Awards (as defined in paragraph (b) below) will not count towards the limits set out above;
- any Ordinary Shares which were subject to an option or other right (whether granted under the PSP, JSOP or any other employees share incentive arrangement adopted by the Company) which has lapsed or been surrendered will not count towards the limits set out above;
- Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the PSP Award holder or any employee benefit trust established by the Company for the purposes of the PSP or any other employees' share plan operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the PSP or any other employees' share plan adopted by the Company) shall be taken into account.

(iv) *Individual Limit*: Each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of Ordinary Shares which are subject to all PSP Awards granted to the individual in that financial year, will not exceed 200% of the individual's basic salary at the date of grant, unless the Remuneration Committee in its absolute discretion considers that the circumstances are sufficiently exceptional to justify the grant of a PSP Award in excess of that limit. In respect of PSP Awards granted to the Management Team prior to the third anniversary of Admission, the market value of an Ordinary Share for these purposes will be the Capital Raising Price. In respect of all other PSP Awards, the market value of an Ordinary Share will be the market value of the Ordinary Shares as at the date of grant of each PSP Award. PSP Founder Awards and PSP Market Value Awards granted to the Management Team on Admission will not count towards this individual limit.

(v) *Performance Condition*: The exercise of a PSP Award may be made conditional upon the achievement of a performance condition set at the time of grant ("Performance Condition") and measured over a performance period determined by the Remuneration Committee at the time of grant, but which will not (other than in respect of the PSP Market Value Awards) normally be less than three years ("Performance Period").

PSP Awards will be capable of exercise following a date ("Normal Vesting Date") specified at the time of grant which occurs after the expiry of the relevant Performance Period. Other than in respect of the PSP Founder Awards or PSP Market Value Awards, regardless of whether or not a Performance Condition has been imposed, the Normal Vesting Date will not ordinarily occur earlier than three years from the date of grant of an Award.

The Remuneration Committee may determine that a PSP Award will be subject to a holding period after the Normal Vesting Date ("Holding Period"). PSP Awards granted to the Management Team on and within three years of Admission will not be subject to a Holding Period.

If events occur which cause the Remuneration Committee reasonably to consider that a Performance Condition should be waived or that a different or amended condition would be a fairer measure of performance, the Remuneration Committee may waive the Performance Condition or amend the original Performance Condition in such manner as it deems fit, provided that any such amended condition is not materially more challenging to meet or achieve than the original Performance Condition.

In circumstances where a PSP Award holder is permitted to exercise a PSP Award before the end of the relevant Performance Period (as a result of cessation of employment in certain

circumstances or the occurrence of certain corporate events such as a change of control of the Company), the Remuneration Committee may, in its discretion, save as may be prescribed in the terms of such PSP Award, determine that the extent to which the relevant Performance Condition applying to his PSP Award has been met may be measured by reference to the proportion of the Performance Period that has elapsed at the time of relevant event. The Remuneration Committee may make such modifications to the relevant Performance Condition as it thinks fit when applying its discretion in these circumstances, provided that the modified Performance Condition is not materially more difficult to meet or achieve than the original Performance Condition, taking into account the abbreviated period.

The exercise of the PSP Founder Awards will not be subject to a Performance Condition. The Normal Vesting Date for the PSP Founder Awards will be the first, second, third and fourth anniversary of Admission, upon which the PSP Founder Awards will vest in four equal tranches.

The exercise of the PSP Market Value Awards will be subject to a Performance Condition relating to the price of an Ordinary Share during the ten years following Admission. The Normal Vesting Date for the PSP Market Value Awards will depend on when the Performance Condition is achieved and the awards will vest in tranches having regard to the extent of achievement of the Performance Condition.

(vi) *Dividends*: Until a PSP Award has been exercised and the Ordinary Shares which are subject to the PSP Award have been issued or transferred to the PSP Award holder, the PSP Award holder shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date of such issue or transfer.

The Remuneration Committee may, however, determine that dividend equivalents will be awarded in respect of a PSP Award. If dividend equivalents are awarded, whenever a dividend or other distribution is paid by the Company in respect of its Ordinary Shares during the period between the grant of a PSP Award and the first date on which that PSP Award can be exercised, the number of Ordinary Shares which are subject to the PSP Award will be increased to reflect the value of the dividend.

The number of Ordinary Shares to be added to the PSP Award ("Dividend Equivalent Shares") shall be equal to the number of Ordinary Shares that could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each Share multiplied by the number of Ordinary Shares under the PSP Award.

To the extent that a PSP Award does not vest and become exercisable in relation to any Ordinary Shares, the PSP Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to a PSP Award shall be taken into account for the purposes of applying the PSP dilution limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

The Remuneration Committee may in its absolute discretion determine that a PSP Award holder shall, instead of receiving Dividend Equivalent Shares on exercise of the PSP Award, receive a cash payment equivalent in value to the Dividend Equivalent Shares.

(vii) *Exercise and Lapse of PSP Awards*: Normally, a PSP Award may only be exercised (in whole or in part) in the period commencing on the Normal Vesting Date (or, if relevant, the end of the Holding Period) and ending on the tenth anniversary of the date of grant, to the extent that the Performance Condition (if any) has been satisfied. The Remuneration Committee may determine, in its discretion, to apply a shorter exercise period at the date of grant of the PSP Award.

PSP Awards may not be exercised during any period when exercise would be in breach of the Company's share dealing code or the Market Abuse Regulation.

A PSP Award cannot be exercised more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Exercise of PSP Awards is possible earlier than the Normal Vesting Date or the end of a Holding Period (if applicable) in the event of a takeover, a compromise or arrangement being sanctioned by the court or the voluntary winding-up of the Company. Following such a corporate event, PSP Awards may be exercised for a six month period following such event or immediately prior to such event.

In the event of cessation of employment by reason of a PSP Award holder's death, his personal representatives may exercise his PSP Awards within the twelve month period immediately following his death (subject to pro-rating and meeting any Performance Condition as described below).

If a PSP Award holder ceases to be employed within the Group prior to the Normal Vesting Date in respect of a PSP Award by reason of:

- injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee);
- redundancy (within the meaning of the Employment Rights Act 1996); or
- the employing company or undertaking ceasing to be under the control of the Company,

("Good Leaver"), normally his PSP Awards may be retained and exercised within twelve months following the Normal Vesting Date, or, if relevant, the end of the Holding Period. The Remuneration Committee may, however, in its absolute discretion permit a Good Leaver to exercise his PSP Awards during the twelve month period following the date the Good Leaver ceases to be an employee (subject to pro-rating and meeting any Performance Condition as described below).

If a PSP Award holder ceases to be employed within the Group prior to the Normal Vesting Date other than as a Good Leaver, his PSP Awards will immediately lapse in full, unless the Remuneration Committee determines within three months of cessation of employment to treat him as a Good Leaver, in which case the Remuneration Committee can determine when and the extent to which the PSP Award can be exercised.

If a PSP Award holder ceases employment within the Group during a Holding Period as a Good Leaver, he will be able to exercise his PSP Awards during the twelve month period following cessation. Exercise will not be subject to pro-rating unless the Remuneration Committee determines otherwise. If a participant ceases employment within the Group during a Holding Period for any other reason, his PSP Awards will immediately lapse in full, unless the Remuneration Committee determines within three months of cessation of employment to treat him as a Good Leaver, in which case the Remuneration Committee can determine when and the extent to which the PSP Award can be exercised.

If a PSP Award holder ceases to remain employed on account of gross misconduct at any time, his PSP Awards will immediately lapse.

A PSP Award holder will be regarded as ceasing employment when he gives or is given notice to terminate employment.

An employee or director will not be treated as having ceased employment unless he has ceased to be an employee or an officer (including a non-executive director) with any member of the Group.

The maximum number of Shares over which a PSP Award: (i) held by a participant who dies or ceases employment as a Good Leaver prior to the Normal Vesting Date; or (ii) held by a PSP Award holder in the case of a corporate event (as described above) prior to the Normal Vesting Date, is capable of exercise will be pro-rated down. This pro-rating will be made on a time apportioned basis by reference to the time that has elapsed from the grant of such PSP Award up to the cessation of employment or the date of the relevant corporate event as a proportion of the total period from the date of grant to the Normal Vesting Date (or, if applicable, the end of the Holding Period). The Remuneration Committee may, however, exercise discretion not to pro-rate a PSP Award.

The maximum number of Ordinary Shares over which a PSP Award held by a PSP Award holder in the case of (i) a corporate event (as described above) or (ii) on cessation of employment as a Good Leaver during a Holding Period, is capable of exercise will not be pro-rated down unless the Remuneration Committee exercise discretion to pro-rate the PSP Award.

In any circumstance which allows for the early exercise of a PSP Award prior to the Normal Vesting Date, PSP Awards may not be exercised unless (subject to any modification of the Performance Condition in accordance with the rules of the PSP) the Performance Condition, if any, to which it is subject has been satisfied unless the Remuneration Committee determines, in its discretion, not to apply the Performance Condition.

Special Terms applicable to PSP Awards (other than PSP Founder Awards and PSP Market Value Awards) granted to the Management Team on and during the three years following Admission

For the three years following Admission, each member of the Management Team will be deemed a Good Leaver if they cease employment for any reason other than on account of voluntary resignation or dismissal for gross misconduct. In such circumstances, the Remuneration Committee will not have discretion to accelerate the vesting of PSP Awards unless such acceleration is with the agreement of the relevant PSP Award holder.

In the event of a takeover, a compromise or arrangement being sanctioned by the court or the voluntary winding-up of the Company during the three years following Admission, the Performance Condition which is applicable to the PSP Awards granted to the Management Team will not be required to be satisfied.

Special Terms applicable to PSP Founder Awards granted to the Management Team on Admission

For the three years following Admission, if the holder of a PSP Founder Award ceases employment of their own volition or gives notice in respect of their employment, their PSP Founder Award will lapse to the extent it has not vested. To the extent that the PSP Founder Award has vested at such time, the PSP Founder Award may be retained and may be exercised until the tenth anniversary of Admission.

If the holder of a PSP Founder Award ceases employment after the third anniversary of Admission for any reason other than for dismissal for gross misconduct, death or injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee), he will be able to retain his PSP Founder Award and exercise such PSP Founder Award during the period commencing on the cessation of employment and ending on the tenth anniversary of grant to the extent vested by the end of that period.

In the event that a holder of a PSP Founder Award dies or ceases employment due to injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee), he will be able to exercise his PSP Founder Award during the period ending 24 months and one day after cessation of employment to the extent that it has vested by the end of that period.

In the event that a holder of a PSP Founder Award is given notice or is dismissed (other than for gross misconduct), the PSP Founder Award will vest immediately in full and may be retained until the tenth anniversary of Admission.

In the event of a takeover, a compromise or arrangement being sanctioned by the court or the voluntary winding-up of the Company, PSP Founder Awards will vest in full.

Special Terms applicable to PSP Market Value Awards granted to the Management Team on Admission

For the three years following Admission, if the holder of a PSP Market Value Award ceases employment of their own volition or gives notice in respect of their employment, their PSP Market Value Award will lapse to the extent it has not vested. To the extent that the PSP Market Value Award has vested at such time, it may be retained and may be exercised until the tenth anniversary of Admission.

If the holder of a PSP Market Value Award ceases employment of their own volition or gives notice in respect of their employment after the third anniversary of Admission, their PSP Market Value Award will lapse on the date of cessation or notice to the extent it has not vested. To the extent that the PSP Market Value Award has vested, it may be retained and may be exercised until the tenth anniversary of Admission. The Remuneration Committee may resolve that the PSP Market Value Award will not lapse, in which case the Remuneration Committee may determine the extent to which it may be retained and the basis on which it may be retained.

If the holder of a PSP Market Value Award ceases employment for any other reason (other than for dismissal for gross misconduct, death or injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee)) or is given notice in respect of their employment, their PSP Market Value Award can be retained until the tenth anniversary of Admission. To the extent that the PSP Market Value Award vests during such period, it can be exercised.

In the event that a holder of a PSP Market Value Award dies or ceases employment due to injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee), their PSP Market Value Award can be retained during the period ending 24 months after cessation of employment to the extent that it has vested by the end of that period.

In the event of a takeover, a compromise or arrangement being sanctioned by the court or the voluntary winding-up of the Company, PSP Market Value Awards will vest to the extent that the value of the Ordinary Shares at the date of the relevant event exceeds the applicable share price targets.

(viii) *Clawback*: The Remuneration Committee will have discretion to operate clawback in respect of a PSP Award if, at any time prior to the later of the second anniversary of the Normal Vesting Date (or the end of any Holding Period if applicable) of such PSP Award and the publication of the second audited accounts of the Company following the Normal Vesting Date (or the end of any Holding Period if applicable) of such PSP Award, the Remuneration Committee becomes aware that:

- the PSP Award holder has committed gross misconduct; or
- there has been a material misstatement and/or significant downward revision in the financial results of any Group company for any period; or
- there has been a miscalculation, misapplication or general error in relation to the extent to which a PSP Award has vested and/or been granted; or
- any other circumstances exist that in the sole opinion of the Remuneration Committee have (or would have if made public) a sufficiently significant impact on the reputation

of any member of the Group or the business in which the PSP Award holder is employed to justify clawback applying.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of Ordinary Shares which are subject to subsisting PSP Awards held by the PSP Award holder; and/or (ii) reduce the number of Ordinary Shares or cash amount which may be subject to any other subsisting awards held by such PSP Award holder or may otherwise be payable to such PSP Award holder (whether pursuant to the PSP or any other arrangement); and/or (iii) require a repayment or other reimbursement from the PSP Award holder (not to exceed amounts received by the PSP Award holder on an after-tax basis).

(ix) *Other PSP Award terms*: PSP Awards will be satisfied by the issue of new Ordinary Shares, the transfer of Ordinary Shares out of treasury or the transfer of Ordinary Shares from an employee benefit trust established by the Company. The trustee of an employee benefit trust established by the Company may satisfy PSP Awards using new Ordinary Shares for which it will subscribe or Ordinary Shares to be purchased in the market.

Ordinary Shares must be issued or transferred to a PSP Award holder within 30 days after exercise of such PSP Award.

The Remuneration Committee has discretion to satisfy a PSP Award by a cash payment equivalent in value to the value of the PSP Award (less any exercise price payable) at the time of exercise of such PSP Award or by the issue or transfer of Ordinary Shares equal in value to that cash payment.

PSP Awards are not capable of transfer or assignment.

Until PSP Awards are exercised, PSP Award holders have no voting or other rights in relation to the Ordinary Shares subject to those PSP Awards.

Ordinary Shares allotted pursuant to the exercise of a PSP Award will rank *pari passu* in all respects with the Ordinary Shares already in issue. Ordinary Shares transferred on the exercise of a PSP Award shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise. For so long as any Ordinary Shares are listed on AIM, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of any PSP Awards are admitted to AIM as soon as practicable after allotment.

Benefits obtained under the PSP are not pensionable.

(x) *Adjustment of PSP Awards*: The number of Ordinary Shares which are subject to a PSP Award may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares on the exercise of an option given to the shareholders of the Company to receive Ordinary Shares in place of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital provided that such adjustment shall not result in a diminution in the value of the award.

(xi) *Administration & Amendment*: The PSP is administered by the Remuneration Committee. The Board or Remuneration Committee may amend the provisions of the PSP but may not adversely affect the rights of existing PSP Award holders without the consent of the PSP Award holder.

(xii) *Overseas Employees*: The Board may adopt supplemental rules to the PSP to facilitate the granting of awards to individuals not resident in the UK provided that such supplemental rules will, so far as the Board in its discretion considers reasonable practicable, follow the rules of the PSP.

(xiii) *Termination*: The PSP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further PSP Awards can be granted after such termination. Termination will not affect the outstanding rights of existing PSP Award holders.

(b) ***The TruFin plc Joint Share Ownership Plan 2018 ("JSOP")***

The JSOP will allow the Remuneration Committee to invite employees of the Group to acquire an interest in Ordinary Shares jointly with the Trustee ("**JSOP Award**").

It is intended that on the date of Admission a JSOP Award in respect of an interest in 1,825,658 Ordinary Shares will be awarded to Henry Kenner and a JSOP Award in respect of an interest in 1,582,237 Ordinary Shares will be awarded to James van den Bergh ("**JSOP Founder Awards**"). The JSOP Founder Awards will only have value to the holders of such awards if the price of an Ordinary Share increases over and above the Capital Raising Price and will only deliver such value to the holders of such awards in respect of any value over and above the Capital Raising Price. The JSOP Founder Awards will vest as to 25% per annum commencing on the first anniversary of Admission and will not be subject to performance conditions. The JSOP Founder Awards will be realised automatically. On realisation, the beneficial interest in each jointly owned share will be split between the employee and the trustee of the EBT in proportion to each of their respective economic interests at that time. For example, if the trustee and employee are each entitled to half the value of the jointly owned shares that vest, they will each become beneficially entitled to half of those shares. It is not intended that JSOP Founder Awards will be granted after the date of Admission.

(i) *Eligibility*: Executive directors and employees of any Group company may be granted JSOP Awards.

(ii) *Grant*: The Remuneration Committee will have absolute discretion to select employees to whom JSOP Awards may be granted and, subject to the limits set out below, in determining the number of Ordinary Shares which are to be subject to a JSOP Award.

JSOP Awards may be granted during the period of 42 days commencing on: (i) adoption of the JSOP; (ii) the date of Admission; (iii) the Dealing Day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year; or (iv) any other time determined by the Remuneration Committee where, in its discretion, circumstances are considered to be so exceptional as to justify the grant of JSOP Awards.

If the grant of a JSOP Award on any of the above days would be prohibited by virtue of a the Company's share dealing code or the Market Abuse Regulation, then such JSOP Award may be granted during the period of 42 days commencing on the Dealing Day following the time that such prohibition shall cease to have effect.

(iii) *Structure of JSOP Awards*: Under the JSOP, the Remuneration Committee may from time to time exercise its discretion and request the Trustee to acquire Ordinary Shares jointly with selected Executive Directors or employees.

Pursuant to a JSOP Award, the JSOP Award holder will acquire an interest ("JSOP Interest") in any increase in value of the Ordinary Shares which are subject to the JSOP Award over and above the market value of the Ordinary Shares as at the date the JSOP Interest is acquired ("Initial Value"). The Trustee's interest in the Shares will be equal to the Initial Value. In relation to the JSOP Awards which are granted on Admission, the Initial Value will be the Capital Raising Price.

(iv) *Plan Limits*: On any date, no JSOP Award may be granted if, as a result, the aggregate number of Ordinary Shares which are issued or issuable due to awards granted during the previous ten years under the JSOP or any other employees' share plan adopted by the Company would exceed 10% of the number of Ordinary Shares in issue on that date.

For the purposes of the limits set out above:

- 3,407,895 Ordinary Shares issued or then capable of issue pursuant to PSP Founder Awards or JSOP Founder Awards will not count towards the limits set out above;
- any Ordinary Shares which were subject to an option or other right (whether granted under the PSP, JSOP or any other employees share incentive arrangement adopted by the Company) which has lapsed or been surrendered will not count towards the limits set out above;
- Ordinary Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the JSOP Award holder or any employee benefit trust established by the Company for the purposes of the JSOP or any other employees' share plan operated by the Company; and
- Ordinary Shares held in treasury which are used to satisfy awards or other rights (whether under the JSOP or any other employees' share plan adopted by the Company) shall be taken into account.

(v) *Vesting of JSOP Interests*: JSOP Interests will vest as set out in the applicable joint ownership agreement. The JSOP Founder Awards will vest as to 25% per annum commencing on the first anniversary of Admission.

Until the JSOP Interests have vested and been realised, the Ordinary Shares which are subject to the JSOP Awards will be jointly owned by the Trustee and the JSOP Award holder. JSOP Interests which do not vest will be acquired by the Trustee for nil consideration.

The vesting of JSOP Interests may be made conditional upon the achievement of a performance condition set at the time of grant ("Performance Condition"). If events occur which cause the Remuneration Committee reasonably to consider that a Performance Condition should be waived or that a different or amended condition would be a fairer measure of performance, the Remuneration Committee may waive the Performance Condition or amend the original Performance Condition in such manner as it deems fit, provided that any such amended condition is not materially more challenging to meet or achieve than the original Performance Condition. The JSOP Founder Awards will not be subject to a Performance Condition.

(vi) *Realisation and Lapse of JSOP Awards*: As and when a JSOP Interest vests, it shall be automatically realised. On realisation, the beneficial interest in the jointly owned shares shall be split in proportion to the joint owners' respective economic entitlement to the jointly owned shares, and the joint owners will automatically transfer the legal title to the jointly owned shares to the Trustee and the JSOP Award holder in accordance with their respective beneficial entitlement. Following realisation, each of the trustee and JSOP Award holder will hold legal and beneficial title to such number of Ordinary Shares as has a market value equal to their respective interests at vesting.

A JSOP Award will lapse on the tenth anniversary of its date of grant.

In the event of a takeover, a compromise or arrangement being sanctioned by the court or the voluntary winding-up of the Company, JSOP Awards shall vest and be realised immediately prior to such event to the extent that the Performance Condition, if any, to which it is subject has been satisfied, unless the Remuneration Committee determines, in its discretion, not to apply the Performance Condition and subject to any modification of the Performance Condition in accordance with the rules of the JSOP.

If a JSOP Award holder ceases to remain employed on account of gross misconduct at any time, his JSOP Awards will immediately lapse.

In the event of cessation of employment by reason of a JSOP Award holder's death, his personal representatives may retain his JSOP Awards.

If a JSOP Award holder ceases to be employed within the Group prior to the vesting of a JSOP Award by reason of:

- being given notice (other than for reasons of misconduct);
- injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee);
- redundancy (within the meaning of the Employment Rights Act 1996); or
- the employing company or undertaking ceasing to be under the control of the Company,

("Good Leaver"), his JSOP Awards may be retained. Where a JSOP Award holder ceases to be employed within the Group other than as a Good Leaver, his JSOP Awards will immediately lapse in full, unless the Remuneration Committee determines within three months of cessation of employment to treat him as a Good Leaver, in which case the Remuneration Committee can determine when and the extent to which the JSOP Award shall vest and be realised. A JSOP Award holder will be regarded as ceasing employment when he gives or is given notice to terminate employment.

Special Terms applicable to JSOP Founder Awards granted to the Management Team

For the three years following Admission, if the holder of a JSOP Founder Award ceases employment of their own volition or gives notice in respect of their employment, their JSOP Founder Award will lapse to the extent it has not vested.

If the holder of a JSOP Founder Award ceases employment after the third anniversary of Admission for any reason other than for dismissal for gross misconduct, he will be able to retain his JSOP Founder Award. To the extent that the JSOP Award vests during such period, it will be realised. If the holder of a JSOP Founder Award dies or ceases employment due to injury, ill-health or disability (evidenced to the satisfaction of the Remuneration Committee), he will only be able to retain his JSOP Founder Award for a period of 24 months from the date of cessation (following which the award will lapse);

In the event that a holder of a JSOP Founder Award is given notice or is dismissed (other than for gross misconduct), the JSOP Founder Award will vest immediately in full and be realised.

An employee or director will not be treated as having ceased employment unless he has ceased to be an employee or an officer (including a non-executive director) with any member of the Group.

(vii) *Clawback*: The Remuneration Committee will have discretion to operate clawback in respect of a JSOP Award if, at any time prior to the later of the second anniversary of vesting of the JSOP Award and the publication of the second audited accounts of the Company following vesting of the JSOP Award, the Remuneration Committee becomes aware that:

- the JSOP Award holder has committed gross misconduct; or
- there has been a material misstatement and/or significant downward revision in the financial results of any Group company for any period; or
- there has been a miscalculation, misapplication or general error in relation to the extent to which a JSOP Award has vested and/or been granted; or
- any other circumstances exist that in the sole opinion of the Remuneration Committee have (or would have if made public) a sufficiently significant impact on the reputation

of any member of the Group or the business in which the JSOP Award holder is employed to justify clawback applying.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of Ordinary Shares which are subject to subsisting JSOP Awards held by the JSOP Award holder; and/or (ii) reduce the number of Ordinary Shares or cash bonuses which may be subject to any other subsisting awards held by such JSOP Award holder or may otherwise be payable to such JSOP Award holder (whether pursuant to the JSOP or any other arrangement); and/or (iii) require a repayment or other reimbursement from the JSOP Award holder (not to exceed amounts received by the JSOP Award holder on an after-tax basis).

(viii) *Other JSOP Award terms*: JSOP Awards and JSOP Interests are not capable of transfer or assignment until the JSOP Award has vested, other than in the event of the lapse of a JSOP Award, a takeover, a compromise or arrangement being sanctioned by the court or the voluntary winding-up of the Company. On the death of a JSOP Award holder, their JSOP Interest will be transferred to their personal representatives.

Prior to vesting, neither the JSOP Award holder nor the Trustee may exercise voting rights attached to Ordinary Shares that are subject to a JSOP Award.

Dividends on the Ordinary Shares which are subject to a JSOP Award, other than JSOP Founder Awards, will be waived if they would otherwise be payable prior to vesting the JSOP Award. Dividends on the Ordinary Shares which are subject to a JSOP Founder Award will be paid to each of the joint owners of the Ordinary Shares pro-rata to their respective interest in the Ordinary Shares at the date of declaration of the dividend unless waived by the respective joint-owner.

Benefits obtained under the JSOP are not pensionable.

Participants in the JSOP can elect to fund their income tax and employee's National Insurance contributions liabilities arising upon subscription for their JSOP Interest by accepting an interest-free loan from the Company.

(ix) *Adjustment of JSOP Awards*: The number of Ordinary Shares which are subject to a JSOP Award and the Initial Value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares on the exercise of an option given to the shareholders of the Company to receive Ordinary Shares in place of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital provided that such adjustment shall not result in a diminution in the value of the award.

(x) *Administration & Amendment*: The JSOP is administered by the Remuneration Committee. The Board or Remuneration Committee may amend the provisions of the JSOP but may not adversely affect the rights of existing JSOP Award holders without the consent of the JSOP Award holder.

(xi) *Overseas Employees*: The Board may adopt supplemental rules to the JSOP to facilitate the granting of awards to individuals not resident in the UK provided that such supplemental rules will, so far as the Board in its discretion considers reasonable practicable, follow the rules of the JSOP.

(xii) *Termination*: The JSOP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further JSOP Awards can be granted after such termination. Termination will not affect the outstanding rights of existing JSOP Award holders.

(c) ***The TruFin plc Employee Benefit Trust ("EBT")***

The EBT was settled by the Company pursuant to a trust deed entered into between the Company and Intertrust Employee Benefit Trustee Limited ("Trustee"). The Company has the power to remove the Trustee and appoint a new trustee.

The EBT is a discretionary settlement set up for the benefit of executive directors, employees and former executive directors and employees (and their immediate dependants) of the Company and its subsidiaries, excluding any individuals who are resident in Jersey for tax purposes. The Company intends to use the EBT to satisfy awards made under the Company's employee share plans and to act as joint owner of the Ordinary Shares that are subject to the JSOP.

The Trustee may either purchase existing Ordinary Shares in the market or subscribe for new Ordinary Shares. The Company may from time to time contribute or lend funds to the EBT on such terms as it may decide.

(d) ***Oxygen MIP***

Oxygen Finance Group operates a management incentive plan (the "Oxygen MIP") pursuant to which certain employees of Oxygen Finance Group can acquire B ordinary shares of Oxygen Finance Group ("Oxygen MIP Shares"). Participants in the Oxygen MIP can elect to fund the acquisition of their Oxygen MIP Shares by accepting a loan from Oxygen Finance Group which is repayable from the proceeds of sale of the relevant Oxygen MIP Shares. The Oxygen MIP Shares entitle participants to up to 12.5% of the growth in value of Oxygen Finance Group over a set hurdle at the time of a sale or flotation of Oxygen Finance Group. The hurdle is set as the aggregate amount invested in Oxygen Finance Group over time by the Company or any subsidiary or holding company of the Company (by way of either debt or equity) increased on a compounding basis by 20% on each anniversary of 25 February 2016. Oxygen MIP participants may lose some or all of their Oxygen MIP Shares if they cease to be employed with Oxygen Finance Group depending on the circumstances that they cease employment and how long the Oxygen MIP Shares have been held. The Oxygen MIP Shares have voting and dividend rights. Other than in connection with a sale of all or substantially all of the business and assets of Oxygen, there are no arrangements in place pursuant to which the Company or any subsidiary can be required to purchase any Oxygen MIP shares from participants for value.

(e) ***MIPs at other subsidiaries***

Following Admission, the Company may implement management incentive plans at Satago and DFC which will involve the issue of shares in those subsidiaries to key employees of those subsidiaries. The terms of these subsidiary management incentive plans are to be determined.

6. Information on the Directors

(a) ***The names, business addresses and functions of the Directors are as follows:***

Name	*Business address*	*Function*
Henry Kenner	4 Bentick Street, Marylebone, W1U 2EF	Executive Chairman and CEO
James van den Bergh	4 Bentick Street, Marylebone, W1U 2EF	Deputy CEO
Raxita Kapashi	4 Bentick Street, Marylebone, W1U 2EF	CFO
Steve Baldwin	4 Bentick Street, Marylebone, W1U 2EF	Senior Independent Non-Executive Director
Peter Whiting	4 Bentick Street, Marylebone, W1U 2EF	Independent Non-Executive Director
Penny Judd	4 Bentick Street, Marylebone, W1U 2EF	Independent Non-Executive Director
Paul Dentskevich	4 Bentick Street, Marylebone, W1U 2EF	Independent Non-Executive Director

(b) In addition to the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

Director	*Current directorships/partnerships*	*Past directorships/partnerships*
Henry Kenner	AltLending (UK) Ltd, Soroma Spintex Limited, Clear Funding Limited, Satago Solutions Limited, Satago Financial Solutions Limited, Oxygen Finance Limited, Distribution Finance Capital Limited, Oxygen Finance Group Limited, Green Park Climate Change LLP, Eclipse Film Partnership 23 LLP, Inside Track 2 LLP, Inside Productions LLP, Invicta Film Partnership No 25, Invicta Film Partnership No 29, Foundation Global Partners LLP, AGP (USTE) LP, Arransgate LLP, TruFin Holdings Limited	Altlending (Ireland) Designated Activity Company, Arrowgrass Capital Services UK Limited, Arrowgrass Master Fund Ltd, Arrowgrass International Fund Ltd, Arrowgrass General Partner Limited, Arrowgrass Capital Partners LLP, Arrowgrass Capital Partners II LLP, Arrowgrass Equity Focus Fund Limited, Arrowgrass Equity Focus International Limited, Arrowgrass Investment Management Limited, Arrowgrass Customised Solutions I International Limited, Arrowgrass Inflexion Fund International Limited, Hedge Fund Standards Board Limited, Davenport Fox Limited, Omnis Capital Services Limited, Soroma Capital Limited, Arrowgrass Distressed Opportunities Fund Limited, Arrowgrass Distressed Opportunities International Limited, Arrowgrass Investments SARL, Arrowgrass Special Situation SARL, Ruffle Some Feathers Limited, Morrigan Investments Limited, Soroma Ghana Real Estate Fund Limited, Cinema Two LLP, Zopa Limited
James van den Bergh	Tor Capital Limited, Oxford Bioelectronics Limited, Clear Funding Limited, Oxygen Finance Limited, Satago Solutions Limited, Satago Financial Solutions Limited, Oxygen Finance Group Limited, Playstack Limited, PlayIgnite Limited, TruFin Holdings Limited, Zopa Group Limited	Tor Capital Partners LLP
Raxita Kapashi	Chrysalis Multi Academy Trust, TruFin Holdings Limited	Morgan Topco Limited, Morgan Bidco Limited, Morgan Holdco Limited, Morgan Midco Limited

Director	*Current directorships/partnerships*	*Past directorships/partnerships*
Steve Baldwin	Elegant Hotels Group plc, Plus500 Ltd	Panmure Gordon & Co. Plc
Peter Whiting	Microgen plc, FDM Group (Holdings) plc, Whitingpod Ltd, Kenilworth Lawn Tennis & Squash Club Limited, Keystone Law Group plc	MBA Polymers Inc.
Penny Judd	Plus500 Ltd	
Paul Dentskevich	PS Racing Ltd, PS Racing BoatCo Ltd, Signal Credit GP Ltd, Insch Kintore Limited, G.L.O Investment Corporation Ltd,	GoldMoney Gold-Return Stock Fund Limited, Brevan Howard Company Secretarial Services Limited, BH Research Services Limited, Brevan Howard Investment Holdings Limited, Brevan Howard Group Holdings Limited, Brevan Howard General Partner (Strategic Investment) Limited, Brevan Howard Inc, BH Partnership Holdings Limited, BH UK Holdings Limited, Griffin Limited, Brevan Howard (Israel) Limited, Brevan Howard DW Holdings Limited, Brevan Howard DW Investments Limited

(c) Save as set out in paragraph 6(b) above, none of the Directors has any business interests or activities outside the Group which are significant with respect to the Group.

(d) Save as disclosed in paragraph 6(e) below, none of the Directors:

(i) has any unspent convictions in relation to indictable offences;

(ii) has been made bankrupt or has made an individual voluntary arrangement with creditors or suffered the appointment of a receiver over any of his assets;

(iii) has been a director of any company which, whilst he was such a director or within 12 months after his ceasing to be such a director, was put into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with the company's creditors generally or with any class of creditors of any company or had an administrator or an administrative or other receiver appointed;

(iv) has been a partner in any partnership which, whilst he was a partner, or within 12 months after his ceasing to be a partner, was put into compulsory liquidation or had an administrator or an administrative or other receiver appointed or entered into any partnership voluntary arrangement;

(v) has had an administrative or other receiver appointed in respect of any asset belonging either to him or to a partnership of which he was a partner at the time of such appointment or within the 12 months preceding such appointment; or

(vi) has received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

(e) Henry Kenner was a director of Arrowgrass Investments SARL, Arrowgrass Special Situation SARL, Arrowgrass Distressed Opportunities International Limited, Arrowgrass Distressed Opportunities Fund Limited, Ruffle Some Feathers Limited, Davenport Fox Limited, AGP (GP) Limited and Omnis Capital Services Limited at the time that they went into solvent liquidation.

7. Directors' and other interests

(a) In addition to the PSP Awards and JSOP Awards referred to in paragraph 5 above, the interests (all of which are or will be beneficial unless otherwise stated) of each Director (including any interest known to that Director or which could with reasonable diligence be ascertained by him of any Connected Person in the share capital of the Company at the date of this document and as they will be immediately following Admission are as follows:

Director	*Number of Ordinary Shares currently held*	*Percentage of issued share capital currently held*	*Number of Ordinary Shares to be held immediately following Admission*	*Percentage of Enlarged Ordinary Share Capital to be held immediately following Admission*
Henry Kenner	–	–	–	–
James van den Bergh	–	–	–	–
Raxita Kapashi	–	–	–	–
Steve Baldwin	–	–	–	–
Peter Whiting	–	–	26,315	0.03
Penny Judd	–	–	–	–
Paul Dentskevich	–	–	–	–

(b) Save as disclosed in paragraphs 5 and 7(a) above, no Director, nor any Connected Person has at the date of this document, or will have immediately following Admission, any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company or any of its subsidiaries or any related financial product referenced to the Ordinary Shares.

(c) In addition to the interests of Directors disclosed in paragraphs 5 and 7(a) above, the Company is aware of the following existing Shareholders of the Company who are at the date of this document, or will be immediately following Admission, interested, directly or indirectly, in 3% or more of the issued share capital of the Company:

Name	*Number of Ordinary Shares currently held*	*Percentage of issued share capital currently held*	*Number of Ordinary Shares to be held immediately following Admission*	*Percentage of Enlarged Ordinary Share Capital to be held immediately following Admission*
Arrowgrass	57,118,420[1]	100	71,128,744	73.1
Credit Suisse	–	–	5,263,157	5.4
Lion Trust	–	–	3,526,315	3.6
Dalton	–	–	3,421,052	3.5

[1] Of this, one Ordinary Share is held by Premier Circle Limited as nominee for Arrowgrass.

(d) The Shareholders listed in (c) above do not have different voting rights.

(e) Save as disclosed in paragraph 7(c) above, the Company is not aware of any person or entity who, directly or indirectly, jointly or severally, will or could exercise control over the Company immediately

following Admission and there are no arrangements the operation of which could result in a change of control of the Company.

(f) No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and was effected during the current or immediately preceding financial year or was effected during any earlier financial year which remains outstanding and unperformed in any respect.

(g) James van den Bergh's Connected Persons hold discretionary funds under management with Arrowgrass but do not exercise any control on the allocation or investment of those funds. James van den Bergh's Connected Persons benefit from a "friends and family" agreement with Arrowgrass whereby they are not required to pay any management or performance fee to Arrowgrass on monies invested in the Arrowgrass funds, regardless of the financial performance of the funds. The annual saving on the performance fee is contingent on the financial returns of the portfolio and is uncapped.

(h) Paul Dentskevich is a member of the Treasury Advisory Panel which oversees the States of Jersey's investment portfolio. The States of Jersey have currently invested less than 0.01% of its portfolio in Arrowgrass. The Directors have concluded that Paul Dentskevich is independent from a corporate governance perspective as he is not a representative of Arrowgrass, he does not have a day to day role managing the States of Jersey's interest in Arrowgrass and such interest is de minimis relative to the fund size.

(i) Steve Baldwin is a Trustee at Howard de Walden Estate Limited which owns the property at 4 Bentick Street, Marylebone, W1U 2EF, of which the Company leased the first floor prior to Steve Baldwin's involvement with the Company.

(j) There are no loans or guarantees granted or provided by the Company and/or any of its subsidiaries to or for the benefit of any of the Directors which are now outstanding, save that interest-free loans will be offered to Henry Kenner and James van den Bergh on Admission which are equal in value to the income tax and employee's National Insurance contributions liabilities arising upon subscription for their JSOP interests under their JSOP Founder Award (see paragraph 5(b) of Part 4 of this document).

8. Service agreements, letters of appointment and remuneration of the Directors

(a) The Directors have entered into service agreements with the Company, conditional upon Admission.

Henry Kenner is employed as Group Chairman and Chief Executive Officer. Mr. Kenner will receive an annual salary of £350,000.

James van den Bergh is employed as Group Deputy Chief Executive Officer. Mr. van den Bergh will receive an annual salary of £250,000.

Raxita Kapashi is employed as Group Chief Financial Officer. Ms. Kapashi will receive an annual salary of £175,000.

Executive Directors' salaries will be reviewed, but not necessarily increased on an annual basis. Raxita Kapashi's salary will be subject to a review following Admission, with any changes to be approved by the Remuneration Committee. The Executive Directors will receive the following benefits under the terms of their service agreements:

(i) a contribution to the Company's group pension plan up to a maximum of 7.5% of basic salary;

(ii) a bonus opportunity of up to 100% of salary subject to satisfying performance targets;

(iii) the share incentive and bonus entitlements set out in paragraph 5 of this Part 4; and

(iv) entitlement to participate in the Company's life assurance scheme, private health insurance scheme, group income protection and any other schemes the Company may offer from time to time.

Henry Kenner's service agreement can be terminated by not less than 12 months' prior notice given in writing by either party to the agreement.

James van den Bergh's and Raxita Kapashi's service agreements can be terminated by not less than nine months' prior notice given in writing by either party to the agreement.

Each of the Executive Directors is subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation and non-hiring restrictive covenants for a period of three months after the termination of their respective employments arrangements.

Each of the Executive Directors has the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Companies Law) and appropriate directors' and officers' liability insurance.

The appointments of each of the Executive Directors are subject to annual re-election by the Company in annual general meetings.

Prior to entering into her service agreement, Raxita Kapashi entered into a consultancy agreement with Arrowgrass pursuant to which Raxita was appointed as a consultant to Arrowgrass with effect from 6 December 2017 until such time as Raxita entered into her service agreement. Pursuant to the terms of the agreement, Raxita agreed to provide certain services to Arrowgrass in exchange for a daily fee.

The appointments of each of the Non-Executive Directors commenced on 10 January 2018 (for Steve Baldwin and Paul Dentskevich) and 15 January 2018 (for Peter Whiting and Penny Judd) and are subject to annual re-election by the Company in annual general meetings.

Each of the Non-Executive Directors will receive an annual fee of £50,000. Steve Baldwin is entitled to an additional annual fee of £20,000 as Senior Independent Non-Executive Director and each of the Non-Executive Directors is entitled to an additional annual fee of £10,000 if the Non-Executive Director is a member of one or more committees.

Each Non-Executive Director is also entitled to reimbursement of reasonable expenses.

The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in the Company's share, bonus or pension schemes.

The Non-Executive Directors are subject to confidentiality undertakings without limitation in time.

Each of the Non-Executive Directors has the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the Companies Law) and appropriate directors' and officers' liability insurance.

(b) Save as set out in paragraph 8(a) above, on Admission there will be no existing or proposed service agreements between the Directors and any member of the Group. Furthermore, save as set out at paragraph 8(a) above and the share incentive arrangements described in paragraph 5 above, there are no commissions or profit-sharing arrangements with any of the Directors.

(c) There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

9. Employees

In addition to the Executive Directors, the Group had the number of employees at the relevant dates set out below.

Business	*Number of Employees at 31 December 2016*	*Number of Employees at 30 June 2017*	*Number of Employees at 13 February 2018*
Company	–	–	10
Oxygen Finance	37	44	55
Satago	10	9	12
DFC	3	15	23

The salaries of the Company's employees (excluding the Executive Directors) will be subject to a review following Admission, with any changes to be approved by the Remuneration Committee.

10. Subsidiaries

The Company has the following subsidiaries, subsidiary undertakings and other undertakings in which it has an interest held on a long-term basis. Details are shown below:

Name	*Nature of business (Trading/ non-trading)*	*Direct parent company*	*Registered office and country of incorporation*	*Proportion of share capital held*	*Issued share capital*
TruFin Holdings Limited	Non-trading	TruFin plc	Incorporated in Jersey whose registered office is at 26 New Street, St Helier, Jersey, JE2 3RA	100%	123,965,703 Ordinary Shares of no par value
Oxygen Finance Group Limited	Trading	TruFin Holdings Limited	Incorporated in England and Wales whose registered office is at Cathedral Place, 42 – 44 Waterloo Street, Birmingham City Centre, Birmingham, B2 5QB, United Kingdom	100%	875,000 Ordinary Shares of £0.001 each
Oxygen Finance Limited	Trading	Oxygen Finance Group Limited	Incorporated in England and Wales whose registered office is at Cathedral Place, 42 – 44 Waterloo Street, Birmingham City Centre, Birmingham, B2 5QB, United Kingdom	100%	298,956 Ordinary Shares of £0.01 each
Oxygen Finance Americas Inc.	Trading	Oxygen Finance Group Limited	Incorporated in Texas, USA and whose registered office is 9901 Brodie Lane, Suite 160, Austin, TX 78748, United States	100%[1]	9,228,185,111 Common Stock

1 11 Common Stock are held by management.

Name	*Nature of business (Trading/ non-trading)*	*Direct parent company*	*Registered office and country of incorporation*	*Proportion of share capital held*	*Issued share capital*
Distribution Finance Capital Limited	Trading	TruFin Holdings Limited	Incorporated in England and Wales whose registered office is at 2nd Floor, City House, Sutton Park Road, Sutton, England, SM1 2AE	80%[2]	5000 Ordinary Shares of £1.00 each and 3,500,000 Preference Shares of £0.00035 each
Satago Financial Solutions Limited	Trading	TruFin Holdings Limited	Incorporated in England and Wales whose registered office is at 4 Bentinck Street, London, W1U 2EF, United Kingdom	100%	2,000,010 Ordinary Shares of £1.00 each
Satago Solutions Limited	Trading	TruFin Holdings Limited	Incorporated in England and Wales whose registered office is at Cathedral Place, 42 – 44 Waterloo Street, Birmingham, B2 5QB, United Kingdom	100%	1 Ordinary Share of £1.00
Zopa Group Limited	Trading	TruFin Holdings Limited	Incorporated in England and Wales whose registered office is at 1st Floor, Cottons Centre, Cottons Lane, London, SE1 2QG, United Kingdom	15%	11,542,103 Common Shares, 835,000 Common A Shares, 297,491 Series 1 Preferred Shares, 12,256,168 Series 2 Preferred Shares, 696,177 Series 2B Preferred Shares, 486,613 Series 2C Preferred Shares, 4,089,251 Series 3 Preferred Shares
Clear Funding Limited	Trading	Satago Financial Solutions Limited	Incorporated in England and Wales whose registered office is at 4 Bentinck Street, London, W1U 2EF, United Kingdom	50%	5,000,000 A Ordinary Shares of €1.00 each and 5,000,000 B Ordinary Shares of €1.00 each

2 The remaining 20% is held by management of DFC (Christopher Dailey, Niall Mason and Andrew Stafferton).

Name	*Nature of business (Trading/ non-trading)*	*Direct parent company*	*Registered office and country of incorporation*	*Proportion of share capital held*	*Issued share capital*
AltLending (UK) Limited	Trading	Satago Financial Solutions Limited	Incorporated in England and Wales whose registered office is at 10 Portman Square 3rd Floor, 10 Portman Square, London, W1H 6AZ, United Kingdom	100%	1,000 Ordinary Shares of £0.01 each
PlayIgnite Limited	Trading	Satago Financial Solutions Limited	Incorporated in England and Wales whose registered office is at 56a Poland Street, London, W1F 7NN, united Kingdom	40%	100 Ordinary Shares of £0.01 each

11. Pensions

The Group operates certain defined contribution pension schemes for the benefit of its employees.

12. Arrangements relating to the Capital Raising

On 13 February 2018, the Company (1), the Directors (2) and Macquarie (3) entered into the Placing Agreement pursuant to which Macquarie has agreed, conditionally upon, inter alia, Admission taking place not later than 21 February 2018, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Capital Raising Price.

Under the Placing Agreement Macquarie will receive (exclusive of VAT) a commission of (i) approximately £1.0 million; and (ii) a fee of 1.0% of the aggregate value of the Capital Raising Shares at the sole discretion of the Company. The Company has agreed to pay all other costs, charges and expenses of, or incidental to, the Placing and the application for Admission and related arrangements. The Placing is not being underwritten.

The Placing Agreement, which contains certain warranties, undertakings and indemnities by the Company and the Directors in favour of Macquarie, is conditional, inter alia, on (i) Admission occurring not later than 21 February 2018 (or such later date as the Company and Macquarie may agree not being later than 2 March 2018); (ii) none of the warranties given to Macquarie prior to Admission being untrue, inaccurate or misleading in any material respect and (iii) the Subscription.

Macquarie may terminate the Placing Agreement in specified circumstances, including for breach of warranty at any time prior to Admission which is material in the context of the Company or the Group (taken as a whole) and in the event of force majeure at any time prior to Admission which is likely to materially prejudice the Company or the Capital Raising.

Subscription Letters dated 12 February 2018 were entered into between the Company and each of the Subscribers, pursuant to which such Subscribers have applied to the Company for subscription of a total of 76,315 Subscription Shares at the Capital Raising Price, conditional upon Admission and the Placing Agreement becoming unconditional in all respects. Subject to the terms and conditions of these agreements and Admission, the Company will issue to each of the Subscribers their relevant allocation of the Subscription Shares on Admission. The subscription of the Subscription Shares is not being underwritten.

On 4 December 2017, the Company entered into the Kinled Agreement with Kinled pursuant to which Kinled agreed to assist in procuring subscribers for certain Capital Raising Shares at the Capital Raising Price.

Under the Kinled Agreement, Kinled will receive (exclusive of VAT) a commission of £328,500 in respect of investors introduced or actively solicited by Kinled.

13. Jersey taxation

At such time as the Company's business is centrally managed and controlled outside Jersey in a country or territory where the highest rate at which any company may be charged to tax on any part of its income is 10% or higher, and the Company is resident for tax purposes in that country or territory, it will cease to be regarded as tax resident in Jersey and will not be subject to Jersey income tax. However, if the Company were to become tax resident in Jersey, it will be regarded as resident for tax purposes in Jersey and on the basis that the Company is neither a financial services company nor a utility company for the purposes of the Income Tax (Jersey) Law 1961, as amended, the Company would be subject to income tax in Jersey at a rate of 0% Jersey should not charge any withholding taxes on distributions or interest paid by the Company. Jersey charges a tax on goods and services supplied in the Island, being Goods and Services Tax ("GST"). On the basis that the Company has obtained International Services Entity ("ISE") status, GST is not chargeable on supplies of goods and/or services made by the Company. The Directors intend to conduct the business of the Company such that no GST will be incurred by the Company. The Company should not be tax resident in Jersey on the basis that the management and control of the Company is intended to be based in the UK. In addition, no charge to stamp duty or other transfer tax should arise on the issue of the Ordinary Shares or on any transfers of, or agreements to transfer, the Ordinary Shares.

14. United Kingdom taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain Shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes. They relate (except where stated otherwise) to persons who are resident in the UK for UK tax purposes and who are UK domiciled, who are beneficial owners of Ordinary Shares and who hold their Ordinary Shares as an investment (and not as employment-related securities or through any share scheme). **Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her own professional advisers immediately.**

(a) ***Dividends***

Individuals

Individual Shareholders currently benefit from a dividend allowance of £5,000 (for the 2017/18 tax year, £2,000 for the 2018/19 tax year) in respect of all dividends received in a tax year. Dividend receipts falling within this allowance will effectively be taxed at the rate of 0%.

If an individual receives dividends in excess of this amount, the excess will be taxed at the dividend ordinary rate of 7.5% for basic rate taxpayers, the dividend upper rate of 32.5% for higher rate taxpayers and the dividend additional rate 38.1% for additional rate taxpayers.

Companies

In general, a corporate Shareholder resident in the UK for tax purposes should not normally be subject to corporation tax on any dividend payments by the Company. A broad tax exemption applies, with separate conditions for Shareholders that are small companies. If the conditions for exemption are failed or, in the case of Shareholders who are not small companies, specific anti-avoidance provisions apply, a corporate Shareholder will be subject to corporation tax on income on the dividend payment. Where a dividend payment qualifies for exemption, it is possible for the Shareholder to elect for the dividend to be taxable. Companies should seek specific professional advice on whether a dividend payment qualifies for exemption.

(b) ***Taxation of Chargeable Gains***

Individuals

A disposal of Ordinary Shares by a Shareholder who is resident for tax purposes in the UK, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains.

An individual Shareholder is entitled to realise an exempt amount of total gains (currently £11,300 for tax year 2017/18) each tax year without being liable to tax. The rate of capital gains tax is 10% for individuals who are subject to income tax at the basic rate and whose chargeable gains fall into the basic rate threshold when aggregated with their income chargeable to income tax; and 20% to the extent that an individual Shareholder's chargeable gains, when aggregated with his or her income chargeable to income tax, exceeds the basic rate band for income tax purposes.

An individual Shareholder who acquired Ordinary Shares while UK-resident and for a period of five years or less either has ceased to be resident for tax purposes in the UK and who disposes of the Ordinary Shares during that period, may be liable on his or her return to the UK to UK capital gains tax on any chargeable gain realised. Nothing in any double taxation relief arrangements prevents such an individual from being subject to UK capital gains tax in those circumstances.

Companies

For a Shareholder within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax. Corporation tax is charged on chargeable gains at the rate applicable to that company, subject to any available exemption or relief. Under draft legislation published on 1 December 2017 in Finance (No 2) Bill 2017-19, indexation allowance will only be available to reduce the amount of chargeable gain that is subject to corporation tax up to 31 December 2017 (hence would not be available for acquisitions after that date).

(c) ***Stamp Duty and Stamp Duty Reserve Tax (SDRT)***

No charge to stamp duty or SDRT should arise on Admission.

Provided that the Ordinary Shares are admitted to trading exclusively on AIM and are not listed on any market, any transfers of, or agreements to transfer, the Ordinary Shares should be exempt from both stamp duty and SDRT.

If the AIM exemption were no longer to apply, UK stamp duty would in principle be payable on any instrument or transfer of the Ordinary Shares that is executed in the UK, or that relates to any property situate, or to any matter or thing done or to be done, in the UK. Such a charge may arise in relation to a transfer on sale of the Ordinary Shares where the value of the consideration exceeds £1,000. Where a charge to stamp duty arises, the amount payable is 0.5% of the value of the consideration rounded up to the nearest £5.

In addition, if the AIM exemption were no longer to apply, provided that the Ordinary Shares are not registered in any register maintained in the UK by or on behalf of the Company and are not paired with any shares issued by a UK incorporated company, any agreement to transfer Ordinary Shares will not be subject to UK stamp duty reserve tax. The Company currently does not intend that any register of the Ordinary Shares will be maintained in the UK.

(d) ***Inheritance tax***

Ordinary Shares beneficially owned by an individual Shareholder may be subject to UK inheritance tax on the death of the Shareholder or, in certain circumstances, on a gift by the Shareholder. For UK inheritance tax purposes, a transfer of assets to another individual or trust could potentially be subject to UK inheritance tax, based on the loss of value to the donor. Particular rules apply to gifts where the donor reserves or retains some benefit or where shares qualify for business property relief. Special rules apply to close companies and to trustees of settlements who hold shares, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

A relief from inheritance tax known as business property relief may apply to Ordinary Shares in trading companies once these have been held for two years. Provided the relevant conditions are met, relief applies notwithstanding that the Company's shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List or also on any other Recognised Stock Exchange). Business property relief operates by reducing the value of shares by 100% for inheritance tax purposes.

15. Material contracts

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of publication of this document and which are, or may be, material to the Group or have been entered into by any member of the Group at any time and contain a provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this document:

(a) the Placing Agreement, as described more fully in paragraph 12 above;

(b) the Subscription Letters, as described more fully in paragraph 12 above;

(c) the Kinled Agreement, as described more fully in paragraph 12 above;

(d) the Relationship Agreement, as more fully described below;

(e) the Nominated Adviser and Broker Agreement, as more fully described below;

(f) the Registrar Agreement, as more fully described below;

(g) the DFC SHA, as more fully described below;

(h) the Zopa SHA, as more fully described below;

(i) the Citi SFA, as more fully described below; and

(j) the option agreement between Satago FS and PlayStack, as more fully described below.

Relationship Agreement

The Company entered into the Relationship Agreement, on 13 February 2018, with Arrowgrass and Macquarie which will regulate (in part) the degree of control that Arrowgrass and its affiliates may exercise over the management of the Company.

The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times on carrying on its business independently of Arrowgrass.

The substantive provisions of the Relationship Agreement will take effect on and from Admission (provided that it is not later than 2 March 2018 or such later date as Arrowgrass, the Company and Macquarie may agree, in which case the Relationship Agreement will terminate).

The Relationship Agreement will terminate once (i) the aggregate interest of Arrowgrass in the Ordinary Shares falls below 10%; (ii) the Ordinary Shares cease to be publicly traded; or (iii) the Company passes a resolution for its winding up or a court of competent jurisdiction makes an order for the Company's winding up or dissolution.

The Relationship Agreement regulates the continuing relationship between Arrowgrass and the Company on and after Admission. In particular:

- Arrowgrass shall have the right to nominate (i) two persons to be its Representative Directors on the Board until Arrowgrass ceases to hold an interest, either direct or indirect, in 20% or more of the aggregate voting rights in the Company from time to time; and (ii) one person to be its Representative Director on the Board until Arrowgrass ceases to hold an interest, either direct or indirect, in 10% or more of the aggregate voting rights in the Company from time to time. Whilst Arrowgrass currently has no intention to appoint a Representative Director to the Board, should it wish to do so, such appointment shall be conditional upon the appointment of a further independent Non-Executive Director of the Company.
- Arrowgrass shall not act, and it shall use reasonable endeavours to procure that (subject to such Director complying with its fiduciary duties) any Representative Director shall not act, in a manner that prejudices the ability of the Company to carry on its business independently of Arrowgrass or which may seek to influence the running of any member of the Group at an operational level.
- All transactions and relationships between (a) Arrowgrass or any of its associates and (b) any member of the Group shall be conducted at arm's length and on normal commercial terms.
- Arrowgrass shall not, and it shall use reasonable endeavours to procure that none of its associates shall, propose or procure the proposal of any shareholder resolution of the Company to exercise its voting rights in a manner which is intended or appears to be intended to circumvent the proper application of the AIM Rules for Companies or would be contrary to the Company's independence.
- Arrowgrass shall not, and it shall use reasonable endeavours to procure (so far as it is legally able to do so) that none of its associates shall, exercise any voting rights (including procuring or seeking to procure any amendments to the Articles of Association) in a way that would be inconsistent with, or breach any provisions of, the Relationship Agreement.
- Arrowgrass shall vote its shares, and (subject to such Director complying with his fiduciary duties) use reasonable endeavours to procure that any Representative Director votes, to give effect to Arrowgrass' obligations set out in the Relationship Agreement.
- Arrowgrass shall exercise the rights attaching to its Ordinary Shares to procure that the Group is managed for the benefit of the Company's shareholders as a whole.
- Arrowgrass shall, as soon as reasonably practicable upon becoming aware of the same, inform the independent Non-Executive Directors of the Company of any concert party.

Subject to certain exemptions, Arrowgrass undertakes that it will not, and will procure that its associates will not, for a period of one year from Admission, offer, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue any interest in any Ordinary Shares held by it or its associates (as applicable).

The Directors believe that the terms of the Relationship Agreement will enable the Company to carry on its business independently from Arrowgrass and its affiliates, and ensure that all transactions and relationships between the Company and Arrowgrass and its affiliates are, and will be, at arm's length and on a normal commercial basis.

Nominated Adviser and Broker Agreement

Pursuant to a nominated adviser and broker agreement dated 13 February 2018 and made between Macquarie and the Company, the Company appointed Macquarie as its nominated adviser and broker in relation to and following Admission in accordance with the AIM Rules for Companies and the AIM Rules for Nominated Advisers. The agreement sets out the scope of Macquarie's engagement.

Macquarie will, following Admission, receive an annual fee of £80,000 payable by four equal instalments quarterly in advance. In addition, the Company will pay all reasonable costs and expenses which Macquarie may properly incur in connection with Macquarie's appointment. The agreement is terminable by either

party giving the other party on three months' written notice, such notice not to be given prior to the first anniversary of the agreement. The agreement may also be terminated immediately by Macquarie in certain specified circumstances such as insolvency or material breach of the agreement by the Company.

Under the agreement, the Company gave certain customary indemnities to Macquarie in connection with its engagement as the Company's nominated adviser and broker.

Registrar Agreement

Pursuant to an agreement between the Registrar and the Company dated 13 February 2018, the Registrar has been retained by the Company to maintain the register of members. The agreement may be terminated by either party on service of 12 months' notice on the other, such notice to expire no earlier than the first anniversary of the date of the agreement. The agreement may also be terminated immediately by either party in certain specified circumstances such as insolvency or material breach of the agreement by one party or the other.

DFC SHA

Arrowgrass entered into the DFC SHA with DFC and certain executives of DFC on 3 October 2016, which will regulate their relationship with DFC (in addition to DFC's articles of association). The Company acceded to the DFC SHA in place of Arrowgrass on 29 December 2017.

In particular:

- For as long as the Company (together with its affiliates) is the beneficial owner of at least 50.1% of the issued share capital of DFC, it shall be entitled to appoint two directors to the board of DFC. At board meetings, each Company appointed director shall be entitled to two votes whereas each other director shall be entitled to one vote. There shall be a maximum of five directors.
- There are a number of matters which require (i) Shareholder Supermajority Consent (being consent from the holders of more than 85.1% of all voting rights attaching to shares), including amending DFC's articles of association or issuing any further shares; and (ii) approval by DFC's board of directors.
- There are confidential information restrictions on the parties to the DFC SHA, subject to certain customary exceptions (including where required by law or by any regulatory authority to which it is subject or by the rules of any stock exchange upon which its shares are listed or traded).
- The Company may assign its rights under the DFC SHA to any person who has received a transfer of shares in DFC from the Company in accordance with DFC's articles of association and has executed a deed of adherence to the DFC SHA.

Citi SFA

DFC Funding No. 1 Limited ("DFC Funding") has entered into a senior facility agreement with (1) Citibank, N.A. London Branch (as senior lender and facility agent), (2) Citicorp Trustee Company Limited (as security trustee) ("Citi Trustee") and (3) DFC (as seller and servicer) (the "Citi SFA") pursuant to which a £40,000,000 revolving facility (the "Facility") has been made available to DFC Funding. The purpose of the Facility is to finance the purchase of certain loan receivables by DFC Funding from DFC under and in connection with a receivables purchase agreement made between (1) DFC Funding (as purchaser), (2) DFC and (3) Citi Trustee. The defined terms of the Citi SFA are as defined in a master framework agreement made between, among others, DFC Funding, Citi Trustee and DFC. DFC Funding has granted security in respect of its obligations under the Citi SFA in favour of Citi Trustee under a security trust deed.

The interest on the senior loans made available under the Citi SFA is 4% per annum plus LIBOR and is payable monthly on the settlement date specified therein. Default interest is payable on any overdue amount at the rate of 2% higher than the rate which would otherwise have been payable. DFC Funding is to repay each senior loan monthly in accordance with a specified priority payment schedule. DFC Funding has made representations and warranties and has given undertakings under the Citi SFA, all of which are

customary for facilities of this nature. The Facility is repayable on the occurrence of certain events of default which are also customary for such facilities, including if Arrowgrass ceases to indirectly own 50% of the shares in DFC.

Zopa SHA

Arrowgrass entered into the Zopa SHA with Zopa and a number of investors on 10 May 2017, which will regulate their relationship with Zopa (in addition to Zopa's articles of association). The Company acceded to the Zopa SHA in place of Arrowgrass on 1 February 2018 and pursuant to the deed of accession certain terms of the Zopa SHA were varied (as reflected below).

In particular:

- For as long as the Company (together with its affiliates) is the beneficial owner of at least 5% of the issued share capital of Zopa: (i) it shall be entitled to monthly management information, comprising monthly management accounts and daily reports on dispersals, as soon as reasonably practicable after such information becomes available and (ii) if the Zopa board determines (in its absolute discretion) that a material event has occurred, Zopa shall notify the Company of such material event without delay after making such determination and shall provide such information relating to the material event as the Company may reasonably request in order to allow the Group to comply with any applicable regulatory obligations.
- There are a number of matters which require (i) Specified Majority Consent (being consent from the holders of more than 50% of Zopa's Series 2 Shares, Series 3 Shares and Ordinary Shares in issue), including amending Zopa's articles of association or Zopa's equity incentive plan(s); and (ii) Appointee Director Consent (being consent from a majority of the directors appointed by certain shareholders).
- Confidential information relating to Zopa may not be disclosed by its shareholders, subject to certain customary exceptions (including where required by law or by any regulatory authority to which it is subject or by the rules of any stock exchange upon which its shares are listed or traded).
- The Company (together with its affiliates) may assign its rights under the Zopa SHA to any person who has received a transfer of shares in Zopa from the Company or its affiliates in accordance with Zopa's articles of association and has executed a deed of adherence to the Zopa SHA.

Option Agreement

Pursuant to an option agreement dated 27 October 2017, PlayStack has granted Satago FS an option to acquire 30,919 ordinary shares in the capital of PlayStack at a price of £60.64, which represented 20% of its issued share capital at the date of the agreement, on or prior to 31 October 2018.

16. Working capital

Having made due and careful enquiry, the Directors are of the opinion that, taking into account the net proceeds of the Capital Raising, the Company and the Group will have sufficient working capital available for their present requirements, that is, for at least the 12 months following the date of Admission.

17. Litigation and arbitration

Neither the Company nor any member of the Group is, nor has at any time in the 12 months immediately preceding the date of this document been, involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against the Company or any member of the Group, nor of any such proceedings having been pending or threatened at any time in the 12 months immediately preceding the date of this document, in each case which may have, or have had in the recent past, a significant effect on the Company's or the Group's financial position or profitability.

18. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

Mandatory bid

Details of the mandatory bid provisions of the Takeover Code which will apply to the Company are described in paragraph 18 of Part 1 of this document.

Compulsory Acquisition

The Companies Law provides that, where a person (the "Offeror") makes a takeover offer to acquire all of the shares (or all of the shares in any class) in a Jersey company (other than any shares already held by the Offeror at the date of the offer), if the Offeror has, by virtue of acceptance of the offer, acquired or contracted to acquire not less than 90%, in number of the shares (or class of shares) to which the offer relates, the Offeror may (subject to the requirements of the Companies Law), by notice to the holders of the shares (or class of shares) to which the offer relates which the Offeror has not already acquired or contracted to acquire, compulsorily acquire those shares. A holder of any shares who receives a notice of compulsory acquisition may (within six weeks from the date on which such notice was given) apply to the Jersey court for an order that the Offeror not be entitled and bound to purchase the holder's shares or that the Offeror purchase the holder's shares on terms different to those of the offer.

Where, before the end of the period within which the takeover offer can be accepted, the Offeror has by virtue of acceptance of the offer acquired or contracted to acquire not less than 90%, in number of all of the shares (or all of the shares of a particular class) of the Jersey company, the holder of any shares (or class of shares) to which the offer relates who has not accepted the offer may, by written notice to the Offeror, require the Offeror to acquire the holder's shares. The Offeror shall (subject to the requirements of the Companies Law) be entitled and bound to acquire the holder's shares on the terms of the offer or on such other terms as may be agreed. Where a holder gives the Offeror a notice of compulsory acquisition, each of the Offeror and the holder of the shares is entitled to apply to the Jersey court for an order that the terms on which the Offeror is entitled and bound to acquire the holder's shares shall be such as the court thinks fit.

19. General

(a) The gross proceeds of the Capital Raising are expected to be approximately £70.0 million. The total costs and expenses relating to Admission and the Capital Raising are approximately £4.0 million (including value added tax). Arrowgrass has paid certain of these costs and expenses and the Company has agreed to reimburse Arrowgrass (or as Arrowgrass shall direct) such amounts which are not expected to exceed £1.5 million.

(b) The Ordinary Shares will be in registered form and will be capable of being held in both certificated or uncertificated form. They are denominated in sterling. The ISIN for the Ordinary Shares is JE00BYVWJZ03.

(c) Deloitte has given and has not withdrawn its written consent to the inclusion in this document of its report set out in Part 3 of this document and references thereto in the form and context in which it appears.

(d) Macquarie has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name and references to it in the form and context in which they are included.

(e) Since incorporation, the Company has not made up any financial statements or published any financial information save for the information contained in Part 3 of this document. The Group's reporting accountant for the period covered by the historical financial information in Part 3 of this document is Deloitte LLP, 2 New Street Square, London EC4A 3BZ, which is a member of the Institute of Chartered Accountants in England and Wales.

(f) The financial information set out in this document relating to the Company does not constitute statutory accounts within the meaning of section 434 of the Companies Act. The Company intends

to publish its first annual report of the Company for the financial year ended 31 December 2017 and its first set of interim financial statements as at 30 June 2018. Part 3 of this document contains the details of post balance sheet events that have occurred since 30 June 2017.

(g) Save as disclosed in paragraph 5 of Part 4 of this document, there are no arrangements in place under which future dividends are to be waived or agreed to be waived.

(h) The Capital Raising Price is payable in full in cash on acceptance.

(i) Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made or refused nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

(j) The Directors are not aware of any exceptional factors which have influenced the Group's activities.

(k) The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Group's business.

(l) Save as disclosed, there has been no significant change in the trading or financial position of the Group since 30 June 2017, being the date to which the financial information contained in Part 3 of this document was prepared.

(m) Save as disclosed in paragraphs 12 and 19(a) above, no person (excluding the Company's professional advisers to the extent disclosed elsewhere in this document and trade suppliers) in the 12 months preceding the Company's application for Admission received, directly or indirectly, from the Company or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any of the following:

    (i) fees totalling £10,000 or more;

    (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Capital Raising Price; or

    (iii) any other benefit with a value of £10,000 or more at the date of Admission.

(n) Since 30 June 2017, members of the Group have not entered into any related party transactions.

(o) Save as set out in paragraphs 19(a) and 19(n) above, no member of the Group has been a party to any related party transaction.

(p) Monies received from applicants pursuant to the Placing will be held by Macquarie until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 21 February 2018 (or such later date as Macquarie and the Company may agree), application monies will be returned to applicants at their own risk without interest prior to delivery of the shares.

(q) Monies received from applicants pursuant to the Subscription will be held by the Company until such time as Admission takes effect. If Admission does not take effect by 21 February 2018 (or such later date as Macquarie and the Company may agree), application monies will be returned to applicants at their own risk without interest prior to delivery of the shares.

(r) There have been no public takeover bids by third parties in respect of the shares of the Company at any time.

(s) The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in conjunction with the application for Admission.

(t) To the extent that information in this document has been sourced from third parties, such information has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by the relevant third party, no facts have been omitted which render the reproduced information inaccurate or misleading.

(u) Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the Company's registered office from the date of this document and shall remain available for a period of one month following Admission. A copy of this document will also be available on the Company's website www.trufin.com.

PART 5

TERMS AND CONDITIONS OF THE PLACING

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING OR THE SUBSCRIPTION. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FSMA, AS AMENDED, ("QUALIFIED INVESTORS") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC AND INCLUDES ANY RELEVANT MEASURE IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA) ("MEMBER STATE") THAT HAS IMPLEMENTED THE DIRECTIVE (THE "PROSPECTUS DIRECTIVE"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO: (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT AND THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

Each Placee should consult with its own advisers as to legal, tax, business and related aspects in relation to any acquisition of Placing Shares.

(a) Introduction

These terms and conditions ("Terms and Conditions") apply to persons making an offer to acquire Placing Shares under the Placing. Each person to whom these conditions apply, as described above, who confirms his agreement to Macquarie (whether orally or in writing) to acquire Placing Shares under the Placing (each an "Placee" and together, "Placees") hereby agrees with Macquarie and the Company to be bound by the contract note issued by Macquarie to such Placee and these terms and conditions, being the terms and conditions upon which Placing Shares will be sold under the Placing. A Placee shall, without limitation, become so bound if Macquarie confirms to such Placee its allocation of Placing Shares under the Placing.

Upon being notified of its allocation of Placing Shares in the Placing, a Placee shall be contractually committed to acquire the number of Placing Shares allocated to them at the Capital Raising Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment. Dealing may not begin before any notification is made.

(b) Summary of the Placing

The Capital Raising Price is 190 pence per Placing Share and the Placing comprises the issue by the Company of 36,765,791 Placing Shares. All Placing Shares sold pursuant to the Placing will be sold, payable in full, at the Capital Raising Price.

The Placing is subject to satisfaction of the conditions set out in the Placing Agreement, including Admission occurring and becoming effective by no later than 8.00 am on 21 February 2018 or such later time and/or date as the Company and Macquarie may agree, being not later than 8.00 am on 2 March 2018, and to the Placing Agreement not having been terminated in accordance with its terms.

Application will be made to the London Stock Exchange for the Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will take place and dealings in the Ordinary Shares will commence on AIM at 8.00 am (London time) on 21 February 2018.

The Placing Shares will rank pari passu in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions after Admission declared, made or paid on the ordinary share

capital of the Company. Further details of the rights attached to the Placing Shares are set out in paragraph 3 of Part 4 of this document.

There will be no public offering of securities in the United States. The Placing Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Placing Shares may not be offered or sold, directly or indirectly, in, into or within the United States or to or for the account or benefit of any persons within the United States absent registration or an exemption from registration under the US Securities Act.

Certain restrictions that apply to the distribution of this document and the Placing Shares being issued or sold under the Placing in jurisdictions outside the United Kingdom are described in paragraph (c) below headed “Selling and transfer restrictions”.

(c) Selling and transfer restrictions

The distribution of this document and the offer of Placing Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been, or will be, taken in any jurisdiction that would permit a public offering of the Placing Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Placing Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the Placing Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction.

This document and these terms and conditions do not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Ordinary Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction. Persons who seek to participate in the Placing must inform themselves about and observe any such restrictions and must be persons who are able to lawfully receive this document in their jurisdiction. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this document nor these terms and conditions constitutes an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of or otherwise deal in any Ordinary Shares or other securities of the Company in the United States, Australia, Canada, the Republic of South Africa or Japan, or in any other jurisdiction in which any such offer, invitation or solicitation is or would be unlawful.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Members of the public are not eligible to take part in the Placing.

Further details of the restrictions that apply to the distribution of this document and the Placing Shares being issued or sold under the Placing in jurisdictions outside the United Kingdom are set out in the “Important Information” section of this document.

(d) Agreement to acquire Placing Shares

Each Placee will be deemed to have read these terms and conditions in their entirety.

Conditional on: (i) Admission occurring and becoming effective by 8.00 am (London time) on 21 February 2018 (or such later time and/or date as the Company and Macquarie may agree being not later than

8.00 a.m. on 2 March 2018); (ii) on the Placing Agreement being otherwise unconditional in all respects and not having been terminated in accordance with its terms on or before Admission; and (iii) the confirmation mentioned under paragraph (a) above, a Placee agrees to become a member of the Company and agrees to acquire Placing Shares at the Capital Raising Price. The number of Placing Shares acquired by such Placee under the Placing shall be in accordance with the arrangements described above.

Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Macquarie. Macquarie and its affiliates may participate in the Placing as principal.

An offer to acquire Placing Shares, which has been communicated by a prospective Placee to Macquarie which has not been withdrawn or revoked prior to publication of this document, will not be capable of withdrawal or revocation immediately following the publication of this document without the consent of Macquarie.

Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Macquarie, to pay in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out below, an amount equal to the product of the Capital Raising Price and the number of Placing Shares allocated to such Placee. Macquarie will procure the allotment or transfer of the Placing Shares to each Placee following each Placee's payment to Macquarie of such amount.

Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at all times and on the basis explained below.

To the fullest extent permissible by law, neither the Company, Macquarie nor any of their respective affiliates, directors or employees shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise) under these terms and conditions. In particular, neither the Company, Macquarie nor any of their respective affiliates, shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of Macquarie's conduct of the Placing.

Macquarie is acting for the Company and no one else in connection with the Placing and will not regard any other person (whether or not a recipient of these terms and conditions) as a client in relation to the Placing and to the fullest extent permitted by law and applicable Financial Conduct Authority rules, neither Macquarie nor any of its affiliates will have any liability to Placees or to any person other than the Company in respect of the Placing.

(e) Allocation

Macquarie has solicited indications of interest from prospective Placees to acquire Ordinary Shares in the Placing. On this basis, prospective Placees have been asked to specify the number of Ordinary Shares that they are prepared to acquire at different prices. Multiple applications under the Placing are permitted.

A number of factors have been considered in deciding the Capital Raising Price and the bases of allocation, including prevailing market conditions, the level and the nature of the demand for Ordinary Shares, the objective of encouraging long-term ownership of the Ordinary Shares.

The Capital Raising Price has been established at a level determined in accordance with these arrangements, taking into account indications of interest received from persons (including market-makers and fund managers) connected with Macquarie and Subscribers for the Subscription Shares. Accordingly, the Capital Raising Price may be lower than the highest price at which all of the Ordinary Shares, in respect of which indications of interest have been received or which are available for subscription or sale in the Placing, could have been accepted.

Placees will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation.

(f) Payment for Placing Shares

Each Placee undertakes to pay the Capital Raising Price for the Placing Shares acquired by such Placee in such manner as shall be directed by Macquarie. In the event of any failure by a Placee to pay as so directed by Macquarie, the relevant Placee shall be deemed hereby to have appointed Macquarie or its nominee to sell (in one or more transactions) any or all of the Placing Shares allocated to it and in respect of which payment has not been made as so directed by Macquarie and retain from the proceeds, for Macquarie's account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable and indemnify on demand Macquarie any shortfall below the aggregate amount owed by it and shall be liable for stamp duty and/or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) (if any) arising in respect of any such sale or sales. By agreeing to acquire Placing Shares, each Placee confers on Macquarie all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Macquarie lawfully takes in pursuance of such sale.

The Ordinary Shares are in registered form and can be held in certificated or uncertificated form. Title to certificated Ordinary Shares (if any) will be evidenced in the register of members of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrar (which will form part of the register of members of the Company).

It is intended that allocations of Placing Shares to Placees who wish to hold Placing Shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Placing Shares will be posted by first class post as soon as is practicable following 21 February 2018 and will be sent at the relevant Placee's risk in each case. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Placing Shares which are not settled in CREST, transfers of those Placing Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

(g) Representations and warranties

By receiving this document, each Placee and, to the extent applicable, any person confirming his agreement to acquire Placing Shares on behalf of a Placee or authorising Macquarie to notify a Placee's name to the Registrar, is deemed to acknowledge, agree, undertake, represent and warrant to each of Macquarie, the Registrar and the Company that:

(i) the Placee has read this document in its entirety and acknowledges that its participation in the Placing shall be made solely on the terms and subject to the conditions set out in these terms and conditions, the Placing Agreement and the Articles. Such Placee agrees that these terms and conditions and the contract note issued by Macquarie to such Placee represent the whole and only agreement between the Placee, Macquarie and the Company in relation to the Placee's participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Placee agrees that none of the Company, Macquarie nor any of their respective officers, directors, agents or employees will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

(ii) the Placee agrees that, having read this document, it shall be deemed to have had notice of all information and representations contained in this document, that it is acquiring Placing Shares solely on the basis of this document and any supplementary admission document published by the Company subsequent to the date of this document and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to acquire Placing Shares;

(iii) the content of this document is exclusively the responsibility of the Company and the Directors and that neither Macquarie nor any person affiliated with Macquarie or acting on its behalf is responsible

for or shall have any liability for any information, representation or statement contained in this document or any supplementary admission document (as the case may be) or any information previously published by or on behalf of the Company or any member of the Group and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document or otherwise;

(iv) the Placee acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and any supplementary admission document published by the Company subsequent to the date of this document and, if given or made, any information or representation must not be relied upon as having been authorised by Macquarie or the Company;

(v) the Placee acknowledges that time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing;

(vi) the Placee has the funds available to pay the Capital Raising Price in respect of the Placing Shares for which it commits to acquire under the Placing;

(vii) the Placee: (i) is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions; (ii) represents, warrants and undertakes that neither the Company nor Macquarie will infringe any laws outside the United Kingdom as a result of its agreement to acquire Placing Shares or any actions arising from the Placee's rights and obligations under the Placee's agreement to acquire Placing Shares and under the Articles; (iii) has fully observed such laws; (iv) has the requisite capacity and authority and is entitled to enter into and to perform its obligations as an acquirer of Placing Shares and will honour such obligations; and (v) has obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this paragraph to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if the Placee is a pension fund or investment company, it is aware of and acknowledges that it is required to comply with all applicable laws and regulations with respect to its acquisition of Placing Shares under the Placing;

(viii) the Placee has not relied on Macquarie or any person affiliated with Macquarie in connection with any investigation of the accuracy of any information contained in this document or its investment decision;

(ix) in agreeing to acquire Placing Shares under the Placing, the Placee is relying on this document or any supplementary admission document (as the case may be) and not on any draft thereof or other information or representation concerning the Group, the Placing or the Placing Shares. Such Placee agrees that neither the Company nor Macquarie nor their respective officers, directors, employees or agents will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

(x) Macquarie is not making any recommendations to Placees or advising any of them regarding the suitability or merits of any transaction they may enter into in connection with the Placing, and each Placee acknowledges that participation in the Placing is on the basis that it is not and will not be a client of Macquarie and that Macquarie is acting for the Company and no one else, and Macquarie will not be responsible to anyone else for the protections afforded to its clients, and that Macquarie will not be responsible for anyone other than the Company for providing advice in relation to the Placing, the contents of this document or any transaction, arrangements or other matters referred to herein, and Macquarie will not be responsible for anyone other than the relevant party to the Placing Agreement in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of Macquarie' rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

(xi) save in the event of fraud on its part (and to the extent permitted by the rules of the Financial Conduct Authority), neither Macquarie nor any of its directors or employees shall be liable to a Placee for any matter arising out of the role of Macquarie as the Company's nominated adviser and broker or otherwise, and that where any such liability nevertheless arises as a matter of law each Placee will immediately waive any claim against Macquarie and any of its respective directors and employees which a Placee may have in respect thereof;

(xii) the Placee has complied with all applicable laws and such Placee will not infringe any applicable law as a result of such Placee's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or any actions arising from such Placee's rights and obligations under the Placee's agreement to acquire Placing Shares under the Placing and/or acceptance thereof or under the Articles;

(xiii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) in order: (i) to enable the Placee lawfully to enter into, and exercise its rights and perform and comply with its obligations to acquire the Placing Shares under the Placing; and (ii) to ensure that those obligations are legally binding and enforceable, have been taken, fulfilled and done. The Placee's entry into, exercise of its rights and/or performance under, or compliance with its obligations under the Placing, does not and will not violate: (a) its constitutional documents; or (b) any agreement to which the Placee is a party or which is binding on the Placee or its assets;

(xiv) it understands that no action has been or will be taken in any jurisdiction by the Company, Macquarie or any other person that would permit a public offering of the Placing Shares, or possession or distribution of this document, in any country or jurisdiction where action for that purpose is required;

(xv) if the Placee is in the United Kingdom: (i) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business; and (ii) it is acting as principal only in respect of the Placing, or, if it is acting for any other person: (a) it is and will remain liable to the Company and Macquarie for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person); (b) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e)(i) of the Prospectus Directive acting as agent for such person; and (c) such person is either (1) a "qualified investor" or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as the client's agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to the client;

(xvi) if the Placee is in a Member State which has implemented the Prospectus Directive, it is: (i) a legal entity which is a "qualified investor" as defined under the Prospectus Directive; and/or (ii) otherwise permitted by law to be offered and sold Placing Shares in circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive or other applicable laws;

(xvii) if the Placee is in a Member State, in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive: (x) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of Macquarie has been given to the offer or resale; or (y) where Placing Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons. For the purposes of this provision, the expression an "offer" in relation to any of the Placing Shares in any relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or acquire the Placing Shares, as the same may be varied in that relevant Member State by any measure implementing the Prospectus Directive in that relevant Member State;

(xviii) to the fullest extent permitted by law, the Placee acknowledges and agrees to the disclaimers contained in this document and acknowledges and agrees to comply with the selling restrictions set out in the "Important Information" section of this document;

(xix) the Placee has not taken any action or omitted to take any action which will or may result in the Company, Macquarie or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory requirements of any territory in connection with the Placing or its acquisition of Placing Shares pursuant to the Placing;

(xx) the Placing Shares have not been and will not be registered under the US Securities Act or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction outside the United Kingdom;

(xxi) the Placee is, and at the time the Placing Shares are acquired, will be located outside the United States and eligible to participate in an "offshore transaction" as defined in and in accordance with Regulation S;

(xxii) the Company is not registered under the US Investment Company Act and that the Company has put in place restrictions to ensure that it is not and will not be required to register under the US Investment Company Act;

(xxiii) the Placee is not acquiring the Placing Shares as a result of any "directed selling efforts" as defined in Regulation S or as a result of any form of "general solicitation" or "general advertising" (each within the meaning of Rule 502(c) of Regulation D under the US Securities Act);

(xxiv) if it is acquiring the Placing Shares for the account of one or more other persons, it has full power and authority to make the representations, warranties, agreements and acknowledgements herein on behalf of each such account;

(xxv) the Placee is acquiring the Placing Shares for investment purposes only and not with a view to any resale, distribution or other disposition of the Placing Shares in violation of the US Securities Act or any other securities laws of any state or other jurisdiction of the United States;

(xxvi) the Company is not obliged to file any registration statement in respect of any resales of the Placing Shares in the United States with the US Securities and Exchange Commission or with any securities administrator of any state or other jurisdiction of the United States;

(xxvii) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Placing Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances with will not require the Company to register under the US Investment Company Act;

(xxviii) the Company, and any registrar or transfer agent or other agent of the Company, will not be required to accept the registration of transfer of any Placing Shares acquired by the Placee, except upon presentation of evidence satisfactory to the Company that the foregoing restrictions on transfer have been complied with;

(xxix) the Placee invests in or purchases securities similar to the Placing Shares in the normal course of its business and it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Placing Shares;

(xxx) the Placee has conducted its own investigation with respect to the Company and the Placing Shares and has had access to such financial and other information concerning the Company and the Placing Shares as the Placee deemed necessary to evaluate the merits and risks of an investment in the Placing Shares, and the Placee has concluded that an investment in the Placing Shares is suitable for it or, where the Placee is not acting as principal, for any beneficial owner of the Placing Shares, based upon each such person's investment objectives and financial requirements;

(xxxi) the Placee or, where the Placee is not acting as principal, any beneficial owner of the Placing Shares, is able to bear the economic risk of an investment in the Placing Shares for an indefinite period and the loss of its entire investment in the Placing Shares;

(xxxii) there may be adverse consequences to the Placee under tax laws in other jurisdictions resulting from an investment in the Placing Shares and the Placee has made such investigation and has consulted such tax and other advisors with respect thereto as it deems necessary or appropriate;

(xxxiii) the Placee is not located in or a resident of the United States, Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where the offer, sale or acquisition of the Placing Shares would be unlawful and acknowledges that the Placing Shares have not been and will not be registered nor will a prospectus be prepared in respect of the Placing Shares under the securities legislation of the United States, Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or any other jurisdiction outside of the United Kingdom and, subject to certain exceptions, the Placing Shares may not be offered or sold, directly or indirectly, in or into those jurisdictions;

(xxxiv) the Placee is liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;

(xxxv) in the case of a person who confirms to Macquarie on behalf of a Placee an agreement to acquire Placing Shares under the Placing and/or who authorises Macquarie to notify such Placee's name to the Registrar, that person represents that he has authority to do so on behalf of the Placee;

(xxxvi) the Placee has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act (Jersey) Law 1999, Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism (Jersey) Law 2002, the Money Laundering (Jersey) Order 2008 (the "ML Law") and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("Money Laundering Regulations 2017") and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that: (i) satisfactory evidence has been obtained and recorded by it to verify the identity of the third party; and (ii) arrangements have been entered into with the third party to obtain from the third party copies of any identification and verification data immediately on request as required by the ML Law and the Money Laundering Regulations 2017 and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Placing Shares comprising the Placee's allocation may be retained at Macquarie's discretion;

(xxxvii) the Placee agrees that, due to anti-money laundering and the countering of terrorist financing requirements, Macquarie and/or the Company may require proof of identity of the Placee and related parties and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Macquarie and/or the Company may refuse to accept the application and the moneys relating thereto. The Placee holds harmless and will indemnify Macquarie and/or the Company against any liability, loss or cost ensuing due to the failure to process this application, if such information as has been required has not been provided by it or has not been provided on a timely basis;

(xxxviii) the Placee is not, and is not applying as nominee or agent for, a person which is, or may be, mentioned in any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);

(xxxix) the Placee has complied with and will comply with all applicable provisions of FSMA with respect to anything done by the Placee in relation to the Placing in, from or otherwise involving the UK;

(xl) if the Placee is in the UK, the Placee is a person: (i) who has professional experience in matters relating to investments falling within article 19(5) of the Order; or (ii) a high net worth entity falling within article 49(2)(a) to (d) of the Order; or (iii) to whom this document may otherwise be lawfully communicated, and in all cases is capable of being categorised as a Professional Client or Eligible Counterparty for the purposes of the Financial Conduct Authority Conduct of Business Rules;

(xli) if the Placee is in the EEA, the person is a "Professional Client" or an "Eligible Counterparty" within the meaning of Annex ll/Article 30 of MiFID II (Directive 2014/65/EU) and is not participating in the Placing on behalf of persons in the EEA other than professional clients or persons in the UK and other Member States (where equivalent legislation exists) for whom the Placee has authority to make decisions on a wholly discretionary basis;

(xlii) the Placee is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of FSMA, the Financial Services (Jersey) Law 1998, the Proceeds of Crime (Jersey) Law 1999 and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;

(xliii) represents and warrants that its participation in the Placing would not give rise to an offer being required to be made by it or any person with whom it is acting in concert pursuant to Rule 9 of the City Code on Takeovers and Mergers;

(xliv) in the case of a person who confirms to Macquarie on behalf of a Placee an agreement to acquire Placing Shares under the Placing and who is acting on behalf of a third party, that the terms on which the Placee (or any person acting on its behalf) are engaged enable it to make investment decisions in relation to securities on that third party's behalf without reference to that third party;

(xlv) the exercise by Macquarie of any rights or discretions under the Placing Agreement shall be within its absolute discretion and Macquarie need not have any reference to any Placee and shall have no liability to any Placee whatsoever in connection with any decision to exercise or not to exercise or to waive any such right and each Placee agrees that it shall have no rights against Macquarie or any of its directors or employees under the Placing Agreement;

(xlvi) it irrevocably appoints any director of Macquarie as its agent for the purposes of executing and delivering to the Company and/or the Registrar any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares agreed to be taken up by it under the Placing and otherwise to do all acts, matters and things as may be necessary for, or incidental to, its acquisition of any Placing Shares in the event of its failure so to do;

(xlvii) it will indemnify and hold the Company, Macquarie and its respective affiliates and agents harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this paragraph (g) and further agrees that the provisions of this paragraph (g) will survive after completion of the Placing;

(xlviii) Macquarie may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for its own account and, except as required by applicable law or regulation, Macquarie will not make any public disclosure in relation to such transactions;

(xlix) Macquarie and each of its respective affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by Macquarie and/or any of its respective affiliates, acting as an investor for its or their own account(s). Neither Macquarie nor the Company intend to disclose the

extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;

(l) the Placee confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Placing Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;

(li) the Placee confirms that it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the DTRs as they apply to the Company;

(lii) the Placee accepts that the allocation of Placing Shares will be determined by Macquarie in its absolute discretion following consultation with the Company and that Macquarie may scale down any placing commitments on such basis as it may determine;

(liii) the Placee acknowledges that the representations, undertakings and warranties given by it as contained in the terms and conditions, where relevant, are irrevocable; and

(liv) the Placee acknowledges that the Company, Macquarie and their respective affiliates and agents will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings or warranties made or deemed to have been made by its application for Placing Shares are no longer accurate, it shall promptly notify the Company and Macquarie.

The Company and Macquarie will rely upon the truth and accuracy of each of the foregoing representations, warranties and undertakings.

(h) Supply and disclosure of information

If any of Macquarie, the Registrar or the Company or any of their respective agents request any information about a Placee’s agreement to acquire Placing Shares, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

(i) Miscellaneous

The rights and remedies of Macquarie, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them, and the exercise or partial exercise of one will not prevent the exercise of others.

(i) On application, each Placee may be asked to disclose, in writing or orally to Macquarie:

1. if he is an individual, his nationality; or

2. if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

(ii) All documents will be sent at the Placee’s risk. They may be sent by post to such Placee at an address notified to Macquarie.

(iii) Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares which such Placee has agreed to acquire have been acquired by such Placee.

(iv) The provisions of this Part 5 may be waived, varied or modified as regards specific Placees or on a general basis by Macquarie.

(v) The contract to acquire Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Macquarie, the Company and the Registrar, each Placee irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against a Placee in any other jurisdiction.

(vi) In the case of a joint agreement to acquire Placing Shares, references to a "Placee" in these terms and conditions are to each of such Placees and such joint Placees' liability is joint and several.

(vii) Macquarie and the Company each expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Placing Shares under the Placing are determined.

(viii) The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 12 of Part 4 of this document.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules for Companies"	the rules for AIM companies published by the London Stock Exchange
"AIM Rules for Nominated Advisers"	the rules for nominated advisers to AIM companies published by the London Stock Exchange
"Arrowgrass"	Arrowgrass Master Fund Ltd.
"Articles"	the articles of association of the Company, a summary of which is set out in paragraph 3 of Part 4 of this document
"Audit Committee"	the audit committee of the Board
"AUK"	AltLending (UK) Limited
"Board" or "Directors"	the directors of the Company from time to time, being, as at the date of this document, those directors whose names are set out on page 7 of this document
"Capital Raising"	the Placing and the Subscription
"Capital Raising Price"	190p per Placing Share
"Capital Raising Shares"	the Placing Shares and the Subscription Shares
"Citi SFA"	as defined in paragraph 15 of Part 4 of this document
"Clear Funding"	Clear Funding Limited
"Companies Act"	the UK Companies Act 2006, as amended
"Companies Law"	the Companies Law (Jersey) 1991, as amended
"Company" or "TruFin"	TruFin plc, a public limited company incorporated in Jersey under registration number 125245
"Connected Person"	a connected person within the meaning of sections 252 to 255 of the Companies Act
"CREST"	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) and the Companies (Uncertificated Securities) (Jersey) Order 1999 as amended from time to time, and any applicable rules made under those regulations
"Dealing Day"	a day on which dealings in domestic securities may take place on, and with the authority of, the London Stock Exchange
"Deloitte"	Deloitte LLP
"DFC"	Distribution Finance Capital Limited

"Dividend Equivalent Shares"	as defined in paragraph 5 of Part 4 of this document
"DTRs"	the Disclosure Guidance and Transparency Rules
"EBT"	The TruFin plc Employee Benefit Trust
"EBT Shares"	the 3,407,895 new Ordinary Shares to be allotted jointly to the trustee of the EBT and relevant JSOP Award holder on Admission
"Enlarged Ordinary Share Capital"	the entire Ordinary Share capital of the Company at Admission as enlarged by the issue of the Capital Raising Shares under the Capital Raising and the issue of the EBT Shares
"Euroclear"	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
"Executive Directors"	the executive Directors of the Company, being Henry Kenner, James van den Bergh and Raxita Kapshi as at the date of this document
"FCA"	the UK Financial Conduct Authority
"FSMA"	the UK Financial Services and Markets Act 2000, as amended
"Good Leaver"	as defined in paragraph 5 of Part 4 of this document
"Group"	the Company and its subsidiaries
"HMRC"	HM Revenue & Customs
"Holding Period"	as defined in paragraph 5 of Part 4 of this document
"Initial Value"	as defined in paragraph 5 of Part 4 of this document
"JFSC"	the Jersey Financial Services Commission
"JSOP"	The TruFin plc Joint Share Ownership Plan 2018
"JSOP Award"	as defined in paragraph 5 of Part 4 of this document
"JSOP Founder Award"	as defined in paragraph 5 of Part 4 of this document
"JSOP Interest"	as defined in paragraph 5 of Part 4 of this document
"Kinled"	Kinled Holding Limited
"Kinled Agreement"	the agreement dated 4 December 2017 between Kinled and the Company, summary details of which are set out in paragraph 12 of Part 4 of this document
"London Stock Exchange"	London Stock Exchange plc
"Macquarie"	Macquarie Capital (Europe) Limited
"Management Team"	the management team of the Company, being Henry Kenner, James van den Bergh, Jason Rogers and Raxita Kapashi as at the date of this document
"Market Abuse Regulation"	Regulation 596/2014/EU of the European Parliament and of the Council of 16 April 2014 on market abuse

"Nominated Adviser and Broker Agreement"	the nominated adviser and broker agreement dated 13 February 2018 between Macquarie and the Company summary details of which are set out in paragraph 15 of Part 4 of this document
"Nomination Committee"	the nomination committee of the Board
"Non-Executive Directors"	the non-executive Directors of the Company being Steve Baldwin, Peter Whiting, Penny Judd and Paul Dentskevich as at the date of this document
"Normal Vesting Period"	as defined in paragraph 5 of Part 4 of this document
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of no par value each in the share capital of the Company
"Oxygen FA"	Oxygen Finance Americas Inc.
"Oxygen Finance"	together, Oxygen Finance Group, Oxygen Finance Limited and Oxygen FA
"Oxygen Finance Group"	Oxygen Finance Group Limited
"Oxygen MIP"	as defined in paragraph 5 of Part 4 of this document
"Oxygen MIP Shares"	as defined in paragraph 5 of Part 4 of this document
"Performance Condition"	as defined in paragraph 5 of Part 4 of this document
"Performance Period"	as defined in paragraph 5 of Part 4 of this document
"Placee"	any person or entity subscribing for Placing Shares pursuant to the Placing
"Placing"	the conditional placing of the Placing Shares by Macquarie at the Capital Raising Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 13 February 2018 between the Company, the Directors and Macquarie relating to the Placing and Admission, summary details of which are set out in paragraph 12 of Part 4 of this document
"Placing Shares"	the 36,765,791 new Ordinary Shares to be allotted and sold pursuant to the Placing
"PlayIgnite"	PlayIgnite Limited
"PlayStack"	PlayStack Limited
"PRA"	the UK Prudential Regulation Authority
"Prospectus Rules"	the prospectus rules of the Financial Conduct Authority made under Part VI of the FSMA
"PSP"	The TruFin plc Performance Share Plan 2018
"PSP Awards"	as defined in paragraph 5 of Part 4 of this document
"PSP Founder Awards"	as defined in paragraph 5 of Part 4 of this document
"QCA Code"	QCA Corporate Govenance Code for Small and Midsource Quoted Companies 2013 published by Quoted Companies Alliance

"Registrar"	Equiniti Limited
"Registrar Agreement"	the agreement dated 13 February 2018 between the Company and the Registrar, a summary of which is set out in paragraph 15 of Part 4 of this document
"Relationship Agreement"	the relationship agreement dated 13 February 2018 between the Company, Arrowgrass and Macquarie, summary details of which are set out in paragraph 15 of Part 4 of this document
"Remuneration Committee"	the Remuneration Committee of the Board
"Restricted Jurisdiction"	the United States, New Zealand, Canada, Japan, the Republic of South Africa or any other country outside of the United Kingdom where the distribution of this document may lead to a breach of any applicable legal or regulatory requirements
"Satago"	together, Satago FS and Satago Solutions
"Satago FS"	Satago Financial Solutions Limited
"Satago Solutions"	Satago Solutions Limited
"Shareholders"	the holders of Ordinary Shares
"Share Schemes"	the share incentive schemes of the Company, further details of which are set out in paragraph 5 of Part 4 of this document
"Subscription"	the conditional subscription for the Subscription Shares by investors pursuant to the Subscription Letters at the Capital Raising Price
"Subscription Letters"	the subscription letters pursuant to which investors have conditionally subscribed for the Subscription Shares at the Capital Raising Price, summary details of which are set out in paragraph 12 of Part 4 of this document
"Subscription Shares"	the 76,315 new Ordinary Shares to be allotted and sold pursuant to the Subscription
"subsidiary"	as defined in sections 1159 and Schedule 6 of the Companies Act
"Takeover Code"	the City Code on Takeovers and Mergers published by the Takeover Panel
"Terms and Conditions"	as defined in Part 5 of this document
"TruFin Holdings"	TruFin Holdings Limited
"TruFin OpCo Group"	Oxygen Finance Limited, Oxygen FA, Oxygen Finance Group, Satago Solutions, Satago FS, Clear Funding, DFC, AUK, the minority interest in Zopa, and debt issuances by AltLending (Ireland) Designated Activity Company
"Trustee"	the trustee for the time being of the EBT
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"US" or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"UK Listing Authority"	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
"US Investment Company Act"	United States Investment Company Act of 1940 (as amended)
"US Securities Act"	United States Securities Act of 1933 (as amended)
"Zopa"	Zopa Group Limited
"Zopa SHA"	the shareholders' agreement relating to Zopa dated 10 May 2017, as amended from time to time, summary details of which are set out in paragraph 15 of Part 4 of this document

GLOSSARY

"APR"	Annual Percentage Rate, being the annual rate charged for borrowing or earned through an investment, expressed as a percentage that represents the actual yearly cost of funds over the term of a loan
"Bad Debt"	a debt that cannot be recovered
"bps"	basis points, being a common unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument
"Cost: Income Ratio"	a company's costs in relation to its income, calculated by dividing operating costs by operating income
"Cost of Funds"	the ratio between the annualised interest expense and the average interest-bearing liabilities, calculated by the annualised interest expense divided by the average of interest-bearing liabilities
"Cost of Risk"	calculated as impairment losses on financial assets divided by average principal employed
"debt turn"	the time it takes for an organisation to pay off all its debt
"Fixed Rate Deposits"	a financial instrument provided by banks which provides investors a higher rate of interest than a regular savings account, until a given maturity date
"FMCG"	fast moving consumer goods
"IPO"	an initial public offering which is the first sale of a company's shares to the public, leading to a stock-market listing
"Leverage Ratio"	the amount of equity in comparison to debt or the amount of earnings in comparison to debt, calculated by dividing total liabilities by total equity
"LTV"	a financial term used by lenders to express the ratio of a loan to the value of an asset purchased
"Micro SMEs" or "micro business"	SMEs with fewer than 10 employees and an annual turnover or balance sheet below EUR 2 million
"Net Interest Margin"	a measure of the difference between the interest income generated by banks or other financial institutions and the amount of interest paid out to their lenders
"Notice Account"	a bank account on which the account holder is required to give a notice of withdrawal a specified number of days before making the withdrawal to avoid penalties
"Open Banking"	refers to the PSD2 and the reforms being imposed by the Competition and Markets Authority aimed at increasing innovation and improving competition in the retail banking sector
"operational gearing"	the relationship between a firm's fixed and variable costs. Higher fixed costs means greater operation gearing and vica versa

“origination”	refers to loan origination, being the process by which a borrower applies for a loan or lending facility and a lender processes that application
“P2P lending” or “peer to peer lending”	the practice of lending money to individuals or businesses through online services that match lenders with borrowers
“PSD2”	the European Union Payment Services Directive II
“P2P”	peer to peer
“R&D reclaim”	refers to the HMRC tax relief for companies that work on innovative projects in science and technology that meet certain criteria
“Return on Equity”	the amount of net income returned as a percentage of shareholders equity
“SME”	a small or medium-sized enterprise, being a business or company that (i) has fewer than 250 employees; and (ii) has either (a) annual turnover not exceeding EUR 50 million, or (b) an annual balance-sheet total not exceeding EUR 43 million
“Video Game Tax Relief reclaim”	refers to the Video Game Tax Relief available to games companies in the UK
“WIP”	work in progress which refers to partially-complete goods that are still in the production process
“yield”	the rate of return on an investment expressed as a percent