

27 July 2020

Eight Capital Partners plc

("Eight Capital" or the "Company")

Restructuring of Investment

Eight Capital announces that it has completed the restructuring of its investment in Financial Innovations Team Srl ("FIT").

On 2 December 2019, the Company announced that it had acquired 59.9% of FIT, a financial services business operating in Europe. The aggregate consideration of €1.2 million for the acquisition was satisfied by way of €350,000 of cash, €450,000 of Eight Capital's bonds and a short-term vendor loan of €400,000. In its report and accounts for the year to 31 December 2019, which was notified on 6 July 2020, the Company advised that FIT had been impacted negatively by the COVID-19 pandemic in terms of advisory revenues and potential M&A fees. In light of this, Eight Capital was re-negotiating its investment pursuant to the terms of the original share purchase agreement.

As a result of the disappointing performance of FIT and the uncertainty of future revenues, Eight Capital has enforced its rights against the vendors of the interest in FIT ("Vendors") to unwind its investment and seek recovery of the funds invested. The shares of FIT have been returned to the Vendors and an initial reimbursement of €750,000 of the investment cost is being effected through the cancellation of the €400,000 vendor loan and the return of €350,000 of Eight Capital's bonds, both issued as part consideration for the acquisition.

Following completion of the restructuring, the Company will recognise a reimbursement of €750,000 and it expects that the reimbursement should increase to at least €850,000 as the remainder of the Eight Capital bond held by the Vendor becomes unencumbered, representing approximately 70 per cent of the initial investment, within the next 12 months.

As further potential compensation, Eight Capital has paid £1 to secure an eighteen month option from the Vendors to acquire 60 per cent. of the issued share capital of Innovative Finance Srl ("InnFin"), an early stage Italian financial services business which is unrelated to FIT. The Board will be monitoring InnFin's pipeline of M&A transactions, revenue stream and value closely in the coming months. Should Eight Capital exercise the option, a valuation will be provided by a jointly appointed independent valuer and, if acceptable to Eight Capital, settlement would be offset against any outstanding balance owe to it.

The Company is actively working with the Vendors to evaluate other potentially compensatory arrangements being proposed and will update the market accordingly.

Although the wider economic environment and impact of COVID-19 have meant that this investment has not performed as planned, the restructuring agreement and ongoing discussions have significantly reduced the downside impact on Eight Capital.

Following the restructuring above, and as a result of the reimbursement of the company's bonds, the value of bonds outstanding is currently €3.29 million which are repayable at the end of July 2022 and carry a 7% annual coupon, payable in two half-year tranches.

The Company also announces that, further to signing the commitment letter of 22 June 2020 to extend the vendor loan note with IWEPLtd, as announced in the final results, the Company has completed this agreement and the loan notes have been extended to 7 August 2021 on the same terms. IWEPLtd is classified as a related party due to sharing a common director, Dominic White and, therefore, entering the agreement to extend the loans is a related party transaction pursuant to Rule 52 of the AQSE Rules for Issuers.

Eight Capital's strategy is to invest in tech, media, telecom and financial services businesses (which include listed investing companies). In financial services it intends to expand its activities in Europe through organic growth or acquisition, so that it can deliver cross-border capital raise and corporate finance services.

This announcement contains information which, prior to its disclosure, was inside information for the purposes of Article 7 of EU Regulation 596/2014.

The directors of the Company accept responsibility for the contents of this announcement.

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