

27 September 2021

Eight Capital Partners plc

("ECP", "Eight Capital" or "the Company")

Corporate Update and Announcement of Transformational Growth Strategy

Eight Capital (AQSE: ECP), the financial services operating company, whose wholly-owned subsidiaries, Epsilon Capital Limited ("Epsilon") and Innovative Finance Srl ("InnFin"), source and deliver tech, fintech and other on-trend-sector transactions, is pleased to provide a comprehensive corporate update following the successful completion of several corporate transactions and confirmation of the Company's transformation from an investing company to an operational business within the financial services sector.

Background

Following the Company's acquisition of InnFin in May 2021, the Board stated that ECP would re-energise its focus on financial services investments with particular attention being paid to fintech, financial services, banking digitisation and crypto banking themes. The Board believes that the trend of major technological change in the way financial services are delivered will enable faster, cheaper, easier and more accessible financial services. Furthermore, there will likely be a fundamental change to the sector's landscape as a result of industry consolidation driven by new, more agile entrants.

In order for Eight Capital to participate in and benefit from this major change and to transact at scale, it needs to significantly strengthen its balance sheet and financial resources, align its operations and grow its market capitalisation.

The recent corporate transactions undertaken by the Company, together with the intended actions outlined below, are expected to transform ECP and enable it to actively participate in these trends.

Recent corporate transactions

The Company has completed the following strategic transactions in recent months, initiating the path to reshaping the business:

- the strategic acquisition of financial services business InnFin which provides corporate finance and M&A services with a particular focus on the financial services sector; and
- the disposal of Italian financial services business Finance Partners Group SpA for €2.15 million announced on 4 August 2021.

In addition, to help reshape its balance sheet and build scale, the Company also:

- purchased €40 million 2.5% Fixed Rate Secured Bonds at par value (the "**Fixed Rate Bonds**") which significantly increased ECP's gross assets, announced on 25 August 2021 from IWEP Limited ("**IWEP**"), a company controlled by ECP's Chairman, Mr Dominic White. Consideration for the acquisition of the Fixed Rate Bonds was settled by a one-year vendor loan (the "**Vendor Loan**"). This purchase significantly increased ECP's gross assets; and
- launched €25 million 4.8% fixed rate five-year bonds (the "**4.8% Bonds**"), of which, €50,000 were placed on launch and listed on the Vienna Stock Exchange, announced on 4 September 2021.

These transactions have consolidated and extended the Company's services and assisted it in developing a platform from which it can continue to build as a financial services Company and a stronger base from which it can raise third party capital.

Change from an investing company into a financial services operating company

The ECP Board considers there to be value creation opportunities for shareholders from the further aligning and expansion of the activities of its wholly owned financial services operating subsidiaries, Epsilon and InnFin (together the "**Operating Subsidiaries**"), which deliver tech, fintech and other on- trend transactions to the markets. The Operating Subsidiaries have been advising on IPOs, RTOs, M&A, fundraising transactions and other corporate finance matters.

Through the strategic utilisation of its growing in-house capital resources, in addition to the services above, the Company may provide significant support to the transactions managed by its Operating Subsidiaries through the provision of early-stage and growth co-investment capital. The competitive advantage of the new operating group is its flexibility as to where it invests in the capital stack pyramid, including being equally comfortable with private or public debt and equity positions, convertibles, and structured equity or debt facilities. Much of the financial services advisory market only delivers third party capital and advice, without direct access to supportive in-house capital, or only having access to in-house capital lines with a less flexible mandate.

The Company has therefore moved away from a pure investing strategy to a financial services operating strategy whereby its clients' financial services transactions can be supported by in-house capital.

Key strategic objectives

The Board's objective is to grow the market capitalisation of the Company towards and beyond £50 million so that it establishes a strong balance sheet base from which to significantly expand its operations and its own equity valuation and therefore become increasingly attractive to investors.

The Board recognises that, in order to build value, the next steps in the Company's development will require a significant restructuring of ECP's balance sheet, including, *inter alia*, the conversion of some or all of ECP's existing debt into equity alongside a share placing, which may include an open offer to all shareholders.

The recent launch of the 4.8% Bonds earlier this month was a logical next step towards enabling the expansion of the Company's balance sheet, whilst also providing better medium-term visibility of a refinancing, as ECP's existing listed bonds approach maturity (€3.99 million issued with a coupon of 7% and a 26 July 2022 maturity date (the "**7% Bonds**").

To provide further support and commitment to ECP's growth strategy, IWEP, from which the Company recently acquired the Fixed Rate Bonds in consideration for the Vendor Loan, will, conditional on appropriate shareholder approvals and regulatory clearance from the Takeover Panel in respect of a Rule 9 whitewash resolution, convert up to €25 million of the remaining Vendor Loan into equity, alongside a planned third party placing and potential open offer to all ECP shareholders. The Company also intends to provide an opportunity for all investors to convert debt to equity on the same terms, to include the current outstanding 7% Bonds.

As part of this balance sheet restructuring, IWEP Limited and the independent directors of ECP have agreed that €15 million of the outstanding Vendor Loan will be satisfied by the issue at par of €15 million of 4.8% Bonds. Application for the listing of these Bonds on the Vienna Stock Exchange has been made and admission is expected to occur on 27 September 2021.

Given the difference in funding associated with the Vendor Loan and to ensure the Company's cashflows are not disadvantaged while the proposed restructuring steps are taking place, IWEP has agreed that the interest rate on the Vendor Loan will be reduced to nil from the date of the issuance of the 4.8% Bonds, until such time as all of the above steps have been completed.

Once completed, this conversion of debt into equity, alongside an equity fundraise, will transform the Company's balance sheet and scale as well as positively impacting its cashflow through a lower overall cost of funding.

Management team

Integral to the success of ECP's transition to an operating business is the senior management team, which has recently been strengthened with the appointment to the Board in June of former Bank of England Chief Financial Accountant, David Bull as a Non-Executive Director.

Following this successful transition, the Board has appointed Mr Bull as full time Chief Executive Officer, with responsibility for leading the further development of ECP's financial services businesses, developing new lines of business, both organically and through acquisition, all within the context of fintech services. He will also be strengthening the operational management team through further additions in financial management and compliance, which will be at the heart of the Company's operating activities.

As well as organic growth through the development of new financial services business lines (tech led), the Company will consider strategic acquisitions to boost revenue and market presence and consequently provide a return on investment.

Commenting on the transformational progress made recently by the Group, Dominic White, ECP's Executive Chairman said:

"We are pleased to have reached a point whereby we can provide more clarity about the short to medium term plans for the Company. The most progressive financial services businesses are deploying new technology in their operations which is not only impressive but also looks likely to dramatically change the industry in the coming years. We want to access, invest in and implement some of these technologies in our existing and future operating subsidiaries."

"We have strengthened the senior management team with David's appointment as CEO and have demonstrated our intent with the completion of the recent transactions. A clear pathway lies ahead for the transformation of the business in terms of its size, market value and influence in financial services, notably through the use of fintech. We have an active and growing pipeline of transactions through our Operating Subsidiaries, we are seeking to raise and generate capital to co-invest through them, and we have corporate level potential strategic operating partnerships that we intend to deliver in the coming months."

"Given the anticipated activity levels and the intended scale of a much-enlarged operating business, the Board is also considering a move to the London Stock Exchange's Standard List. As Chairman and as a substantial investor, I believe that this will lead to greater growth and increased opportunities as the business moves forwards."

Related Party Transaction

Dominic White, a director of the Company, is also a director and the beneficial owner of IWEP. Pursuant to AQSE Rule 4.6, variation of the Vendor Loan and subsequent issue of 4.8% Bonds to IWEP by the Company constitutes a related party transaction.

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the directors of the Company are responsible for the release of this announcement.

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About Eight Capital Partners:

Eight Capital Partners plc is an international financial services company focused on owning and operating businesses engaged in "Fintech" operations, from the digitisation of banking services, through to blockchain-backed decentralised finance companies and "crypto banks".

ECP provides equity, debt, and equity-related investment capital to companies seeking capital for growth and development, consolidation or acquisition, or pre-IPO financing. The Company seeks to generate an attractive rate of return for shareholders, predominantly through capital appreciation, by maximising the revenues, profits and value of its operating subsidiaries, and taking advantage of the increasing number of acquisition opportunities within the continuously developing global technology, media, telecoms and financial services sectors. www.eight.capital

Eight Capital Partners operates two subsidiary businesses:

Epsilon Capital:

Epsilon Capital is an independent corporate advisory firm based in London with an extensive experience in UK and European capital markets. The team of senior and experienced ECM and M&A professionals is specialised across multiple markets, sectors and geographies and it prides itself on a commercial approach that allows the clients to achieve their growth ambitions. www.epsiloncapital.com

Innovative Finance:

Innovative Finance is a corporate finance advisory business that develops mergers and acquisitions and financing solutions across multiple sectors, primarily in Europe, with access to international

transactions. It is currently working on transactions in the USA and Europe which are linked to technological developments in the financial services industry, AI, cybersecurity, e-commerce and cannabis. www.innovfinance.com

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