

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser.

This Document, which comprises an AIM admission document prepared 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 contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this Document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules or approved by, or filed with, the FCA or any other competent authority.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence at 8.00 a.m. on 29 December 2020. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange. The New Ordinary Shares to be issued pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

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 UK Listing Authority. 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 published by the London Stock Exchange plc, 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 itself not examined or approved the contents of this Document.

The Directors, whose names appear on page 7, and the Company, whose address appears on page 7, accept individual and collective responsibility for the information contained in this Document including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (having taken all reasonable care to ensure such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect the import of such information. In connection with this Document, no person is authorised to give any information or make any representation other than as contained in this Document.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in Part II (Risk Factors) of this Document.

VECTOR

Vector Capital plc

(Incorporated in England and Wales with Company Number 12140968)

**Placing of 8,052,895 Ordinary Shares of 0.5 pence each at 38 pence per share and
Admission to trading on AIM**

Nominated Adviser and Sole Broker



Allenby Capital Limited ("Allenby Capital"), which is authorised and regulated in the\ United Kingdom by the FCA, is acting as nominated adviser, sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this Document) or otherwise be responsible to any person for providing the protections afforded to clients of Allenby Capital or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this Document. Allenby Capital's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this Document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby Capital by FSMA or the regulatory regime established thereunder, Allenby Capital does not accept any responsibility whatsoever for the contents of this Document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Placing and Admission. Allenby Capital accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this Document or any such statement.

This Document will be available from the Company's website www.vectorcapital.co.uk

IMPORTANT INFORMATION

Investment in the Company carries risk. In deciding whether or not to invest in the Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors or Allenby Capital. Neither the receipt of this Document nor any acquisition of Ordinary Shares made in reliance on this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company or Allenby Capital, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matters. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial, business or tax advice in relation to a purchase or proposed purchase of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal, investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Ordinary Shares for an indefinite period of time.

Neither Allenby Capital nor any person acting on their behalf makes any representations or warranties, express or implied, with respect to the completeness, accuracy or verification of this Document, nor does any such person authorise the contents of this Document. No such person accepts any responsibility or liability whatsoever for the contents of this Document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Placing or Admission. Allenby Capital accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Document or any such statement. Neither Allenby Capital nor any person acting on their behalf accepts any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to their attention after the date of this Document, and the distribution of this Document shall not constitute a representation by Allenby Capital or any other person that this Document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof.

The distribution of this Document and issue of Ordinary Shares in certain jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company to permit a public offering of Ordinary Shares or possession or distribution of this Document (or any other offering or publicity materials relating to Ordinary Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Document nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Document comes are required by the Company and Allenby Capital to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Document does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Ordinary Shares offered hereby is prohibited. Each offeree of the Placing Shares, by accepting delivery of this Document, agrees to the foregoing.

This Document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity (within the meaning of section 21 of FSMA) and has therefore not been approved by an authorised person within the meaning of FSMA. This Document is only being communicated to and may only be issued or passed on in the United Kingdom to persons falling within Articles 19 (investment professionals) and 49 (high net worth companies etc.) of the Financial Services and

Markets Act 2000 (Financial Promotion Order) 2005 (SI. 2005/No. 1529) or other persons to whom it may otherwise lawfully be communicated ("Relevant Persons"). The Company and Allenby Capital will only deal with Relevant Persons in relation to the investments to which this Document relates and those who are not Relevant Persons should not rely on it.

Notice to overseas investors

The Ordinary Shares have not been and will not be registered under the US Securities Act 1933 (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act) absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and otherwise in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

The Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Accordingly, subject to certain exceptions (noted below), the Ordinary Shares may not be offered or sold in Australia, Canada, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of Australia, Canada, Japan or the Republic of South Africa.

Data Protection

The information that a prospective investor provides in documents in relation to a purchase of Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about products and services, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required); and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company's business.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by a member of the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it

will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Forward-looking Statements

This Document includes statements that are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "targets", "believes", "estimates", "anticipates", "expects", "intends", "aims", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, among other things: (i) the Company's objective, acquisition and financing strategies, returns of capital, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; (ii) future deal flow and implementation of active management strategies; and (iii) trends in the sectors in which the Company may elect to invest. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and factors which are beyond the Company's control. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and income flows and the environment in which the Company will operate in future.

Prospective investors should carefully review the risk factors set out in Part II of this Document for a discussion of additional factors that could cause the Company's actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this section constitutes a qualification of the working capital statement contained in paragraph 8 of Part VI of this Document.

Forward-looking statements contained in this Document apply only as at the date of this Document. Save as required, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Rounding

Certain financial and statistical information has contained in this Document has been rounded to the nearest £1,000, whole number or 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. In addition, certain percentages presented in the tables in this Document reflect calculations based on the underlying information prior to rounding, and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Third party data

Where information contained in this Document has been sourced from a third party, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

Unless otherwise indicated, all references in this Document to "UK Sterling", "British pound sterling", "sterling", "£", or "pounds" are to the lawful currency of the UK.

Non incorporation of website

The contents of any website of the Company or any other person do not form part of this Document.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Allenby Capital will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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DIRECTORS, SECRETARY AND ADVISERS

Directors	Robin Stevens Agam Jain Jonathan Robert Pugsley Ross Martin Hilton Andrews	<i>Non-Executive Chairman Chief Executive Officer Finance Director Non-Executive Director</i>
All of whose business address is at the Company's registered office		
Company Secretary	Allazo Ltd 2 Claridge Court Lower Kings Road Berkhamsted HP4 2AF	
Registered office	13 Sovereign Park Coronation Road London NW10 7QP	
Website	www.vectorcapital.co.uk	
Nominated adviser and Broker	Allenby Capital Limited 5 St. Helen's Place London EC3A 6AB	
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE	
Reporting Accountants	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE	
Solicitors to the Company	Kingsley Napley LLP Knights Quarter 14 St John's Lane Farringdon London EC1M 4AJ	
Solicitors to the Nominated adviser	Michelmores LLP 6 New Street Square London EC4A 3BF	
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD	
Financial PR	TB Cardew 5 Chancery Lane London EC4A 1BL	

DEFINITIONS

The following definitions apply throughout this Document, unless the context otherwise requires:

"Act"	the Companies Act 2006 (as amended)
"Admission"	admission of the Enlarged Share Capital to the trading on AIM
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM rules for companies published by the London Stock Exchange from time to time
"AIM Rules for Nominated Advisers"	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
"Aldermore"	Aldermore Bank plc, a bank that is authorised and regulated by the FCA and PRA and with company number 947662
"Aldermore Facility"	the block-discounting secured debt facility for a total amount of £10 million granted by Aldermore to VAFL as summarised in paragraph 22 of Part VI of this Document
"Allenby Capital"	Allenby Capital Limited, a company registered in England and Wales with company number 06706681
"Articles"	the articles of association of the Company
"Board"	the board of directors of the Company from time to time
"Brexit"	the United Kingdom's ceasing to be a member of the European Union, including the expiry of the transitional period from membership on 31 December 2020
"City Code" or "Takeover Code"	the UK City Code on Takeovers and Mergers, as updated from time to time
"Company" or "Vector"	Vector Capital plc, a company incorporated in England and Wales with company number 12140968
"CREST"	the relevant system, as defined in the CREST Regulations, for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
"CREST Regulations"	the Uncertificated Securities Regulations 2001 of the UK (SI 2001 No. 3755) (as amended)
"Debt Facilities"	together, the Aldermore Facility and the Shawbrook Facility
"Directors"	Except as used in paragraph 7 of Part VI of this Document, the directors of the Company on Admission, whose names are set out on page 7 of this Document
	In paragraph 7 of Part VI of this Document, the directors of the Company from time to time
"Disclosure Guidance and Transparency Rules" or "DTR"	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time

"Document"	means this admission document
"Enlarged Share Capital"	the issued share capital of the Company on Admission, comprising the Existing Ordinary Shares and the Placing Shares
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"Executive Directors"	Agam Jain and Jonathan Pugsley
"Existing Ordinary Shares"	the 34,000,000 Ordinary Shares in issue at the date of this Document
"FCA"	the UK Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Group" or "Vector Group"	the Company together with its Subsidiaries from time to time
"IFRS"	the International Financial Reporting Standards as adopted by the International Accounting Standards Board
"Locked-In Shareholders"	Vector Holdings and Ross Andrews, each of which are subject to a Lock-In agreement, as summarised in paragraph 22 of Part VI of this Document
"London Stock Exchange" or " LSE "	London Stock Exchange Plc
"LTV"	loan to value
"MAR"	the Market Abuse Regulation (2014/596/EU)
"New Ordinary Shares"	the 8,052,895 Ordinary Shares to be issued pursuant to the Placing
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	the ordinary shares of £0.005 par each in the Company
"Panel"	the UK Panel on Takeover and Mergers
"Placees"	proposed subscribers for Placing Shares at the Placing Price in the Placing
"Placing"	the proposed conditional placing of the Placing Shares at the Placing Price with Placees pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 18 December 2020 between (1) the Company, (2) Allenby Capital, (3) the Directors and (4) Vector Holdings relating to the Placing, further details of which are set out in paragraph 22 of Part VI of this Document
"Placing Price"	£0.38 per Placing Share
"Placing Shares"	the New Ordinary Shares in the capital of the Company which have been issued, subject to Admission, and allotted to the Placees pursuant to the Placing
"PRA"	the Prudential Regulation Authority, a unit of the Bank of England
"Prospectus Regulation Rules"	the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time

“QCA Code”	the Quoted Companies Alliance’s Corporate Governance Code published from time to time
“Relationship Agreement”	the agreement between Vector, Vector Holdings and Allenby Capital as summarised in paragraph 19 of Part VI of this Document
“Shareholders”	means the holders of shares in the capital of the Company from time to time
“Shawbrook”	Shawbrook Bank Limited, a bank that is authorised and regulated by the FCA and PRA and with company number 00388466
“Shawbrook Facility”	the block-discounting secured debt facility for a current total amount of £15 million granted by Shawbrook to VBFL as summarised in paragraph 22 of Part VI of this Document
“Subsidiaries”	VAFL and VBFL
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority” or “UKLA”	the FCA in its capacity as the competent authority for listing in the UK pursuant to Part VI of FSMA
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“United States” or “US”	the United States of America, its territories and possessions, any State of America and the District of Columbia
“VAFL”	Vector Asset Finance Limited, a private limited company registered in England and Wales on 31 January 2018 under the Act with registered number 11179618 and a wholly owned subsidiary of the Company
“VAT”	value added tax
“VBFL”	Vector Business Finance Limited, a private limited company registered in England and Wales on 4 December 2015 under the Act with registered number 09903373 and a wholly owned subsidiary of the Company
“Vector Holdings”	Vector Holdings Limited, a private limited company registered in England and Wales on 23 June 1978 under the Companies Act 1976 with registered number 01375226
“Vector Holdings Liability”	the sum of £3 million owed by the Company to Vector Holdings, further details of which are summarised in paragraph 19 of Part VI of this Document
“Voting Rights”	all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting
“£” or “UK Sterling” or “pounds” or “Pounds Sterling”	lawful currency for the time being of the United Kingdom

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	18 December 2020
Admission and commencement of dealings in Ordinary Shares on AIM	8.00 a.m. on 29 December 2020
CREST members' accounts credited in respect of Ordinary Shares by	29 December 2020
Ordinary Share certificates dispatched by	Within 10 business days of Admission

The dates, times and offer statistics in this Document are subject to change at the determination of the Company and Allenby Capital.

PLACING STATISTICS

Total number of Ordinary Shares unconditionally issued pre-Admission	34,000,000
Placing Shares	8,052,895
Enlarged Share Capital	42,052,895
Percentage of Enlarged Share Capital represented by the Placing Shares	19.1 per cent.
Placing Price	£0.38
Gross Proceeds of the Placing	£3.1 million
Estimated Net Proceeds of the Placing	£2.6 million
Market capitalisation of the Company at the Placing Price on Admission	£16.0 million
LEI code	213800831D6LU4SWQX59
ISIN	GB00BMH15P96
SEDOL	BMH15P9
EPIC/TIDM	VCAP.L

PART I

INFORMATION ON THE COMPANY

1. Introduction

Vector, together with its Subsidiaries VBFL and VAFL, is a commercial lending group that offers secured loans primarily to businesses located in the United Kingdom. Substantially all of the Group's loans are secured by a first legal charge against real estate. The Group's customers typically borrow for general working capital purposes, bridging, land development and acquisition. As of 30 September 2020, the Group has a loan book of £34.7 million, with an average loan size of approximately £0.57 million.

The Group has an established network of brokers that introduce to Vector potential borrowers that match the Group's lending criteria. The brokers submit proposals via the Group's online portal and the Company endeavours to give decisions in principle and outline terms on a "same day" basis.

The Group's loans issued are secured, typically by a charge against land or property, and usually this will be a first charge. The Directors believe that the Group's credit management policies, both during initial underwriting and throughout the life of the loan, will result in minimal defaults.

The Group's loans to its borrowers are financed primarily from a combination of the Group's own resources and the Debt Facilities. The Debt Facilities comprise the Shawbrook Facility from Shawbrook totalling £15.0 million and the Aldermore Facility from Aldermore totalling £10.0 million. Both the Aldermore Facility and the Shawbrook Facility are block-discount secured master facilities, pursuant to which VAFL and VBFL respectively, may discount certain loans made to their borrowers. As at 30 September 2020, the Group had drawn approximately £14.4 million under the Debt Facilities.

The Executive Directors have been operating the underlying lending business undertaken by the Group for over 20 years, previously through Vector's parent company, Vector Holdings. Between 2017 and 2020, the lending business has been gradually transferred from Vector Holdings to VAFL and VBFL, the outstanding financing of which forms part of the Vector Holdings Liability.

The Group has a track record of delivering profits and generating cash and in the year ended 31 December 2019, generated sales of £3.6 million and a profit after tax of £1.6 million. In the six months to 30 June 2020 the unaudited results recorded sales of £2.1 million and a profit after tax of £1.0 million. The Company paid a dividend of £699,000 in respect of the full year ended 31 December 2019 and in October 2020 has declared and paid an interim dividend of £400,000 in respect of the year ending 31 December 2020. Further detail on the Group's historical financial information is summarised in paragraph 9 of this Part I and full historical financial information is set out in Parts III and IV of this Document.

The Directors intend to maintain a progressive dividend policy following Admission, as detailed further in paragraph 15 of this Part I. It is anticipated that the Company will pay a dividend bi-annually, and that the first dividend following Admission will be the final dividend for the current financial year ending 31 December 2020 which will be declared following publication of the annual results for that year.

The Directors consider there to be significant unsatisfied demand for the Group's loan products in the market through the Group's existing network of commercial finance brokers and intend to continue with the strategy to offer loans to vetted business borrowers on a secured basis following appropriate legal due diligence. Through the increase in equity from the Placing and the existing unutilised Debt Facilities, the Directors believe the Group will be able to materially expand the Group's loan book while maintaining underwriting standards and net interest margins.

The Company is seeking Admission in order to raise £3.1 million through the issue of the New Ordinary Shares at the Placing Price. The net proceeds of the Placing will be primarily used to expand its loan book. Further details on the Placing and the Company's intended use of proceeds are set out in paragraph 12 this Part I.

2. Key strengths of the Group

The Directors believe that the success of the Group to date and its future prospects are founded on the following key strengths:

- Extensive sector experience in the secured commercial lending market over 20 years
- Experienced management team
- Established industry network of wholesale banks, commercial finance brokers, surveyors and advisers
- Ability to provide a same-day decision in principle response to loan applications
- Flexibility and ability to provide bespoke solutions on a case by case basis
- Custom designed, cloud-based software platform that provides audit trail, loan documentation, relationship management and accounts interface
- A track record of profit and cash generation
- Effective credit and risk management controls, demonstrated by the fact that the Group has not written off a principal debt

3. History and background

Vector's business was historically undertaken as a division of Vector Holdings, which was incorporated in 1978 and is the Company's largest shareholder. Agam Jain has been a director of Vector Holdings for over 30 years. Vector Holdings previously controlled a successful technology business in addition to providing secured lending, which over the last decade became its principal activity. It has been providing loans for over 20 years.

The management of Vector Holdings saw the potential to grow its lending business through the introduction of external loan capital. VBFL was incorporated on 4 December 2015 and VAFL was incorporated on 31 January 2018 as ring-fenced subsidiaries to utilise block-discount secured debt facilities from wholesale banks. The Debt Facilities, provided by Shawbrook and Aldermore, have enabled the Group to expand its lending significantly in the almost three years since the first of these were signed. The security for the Shawbrook Facility includes a debenture over VBFL and the security for the Aldermore Facility includes a debenture over VAFL. Further details on the Debt Facilities are set out in paragraph 22 of Part VI of this Document.

In 2019, the management of Vector Holdings decided to spin out the lending business from the rest of Vector Holdings as a separate entity as part of a long-term growth strategy. The Company was incorporated and, on 29 August 2019, Vector Holdings transferred the entire issued share capital of VAFL and VBFL to Vector Capital by way of a share for share exchange.

Having consolidated (by way of transfer of the Subsidiaries) substantially all of the underlying lending business under Vector Capital, the Group has continued to increase its lending book organically through VAFL and VBFL. On 1 July 2020, Vector Holdings assigned the remaining commercial loans secured against real estate made by it amounting to £1.63 million to VBFL. Vector Holdings has since stopped making further commercial loans which would be competitive with those made by the Group. On 12 November 2020, Vector Holdings and the Company entered into an inter-company debt terms agreement, in respect of the Vector Holdings Liability to record and vary the terms of the Vector Holdings Liability. Further details on the Vector Holdings Liability are set out in paragraph 4 of this Part I and paragraph 19 of Part VI of this Document.

As at the date of this Document, the Group is funded by shareholder capital of £17 million, Debt Facilities of £25 million and the Vector Holdings Liability totalling £3 million. As a result, at the date of this Document the Group has potential deployable capital of approximately £45 million, less a reserve for annual operating costs and expenses.

The Directors' objective is to increase the size of the Vector Group's loan book in line with market opportunities and conditions over time. Specifically, the Directors will seek to achieve a target loan book of £40 million by 30 June 2021, and £50 million by 30 June 2022, subject to market conditions.

4. Principal activities

The Group offers commercial lending primarily to businesses in England and Wales. The Group's customers typically borrow for general working capital purposes, bridging ahead of refinancing, land development and property acquisition. As at 30 September 2020, the Group has a loan book of £34.7 million, with an average loan size of approximately £0.57 million.

The type of loans that the Group offers to businesses are typically secured by real estate , meaning that in the event that one of the Group's customers defaults, the Group can compel the sale of that real estate with a view to applying proceeds to satisfy the customer's debt. Substantially all of the Group's loans are secured via a first legal charge registered at the United Kingdom Land Registry. Whilst the Group, acting through its credit committee, reserves the right to accept alternative arrangements, such as second charges or debentures over the borrowing company, the Group does not generally lend on a junior, subordinated or unsecured basis, nor does it generally take a security interest in collateral located abroad. In some cases, the Group also takes additional security from its customers in the form of personal guarantees (for example, when lending to certain special purpose vehicles) or debentures over the borrowing company.

Regulatory environment

As it is a business-to-business lender, the Group does not make loans to consumers, take deposits, nor does it take any security against a borrowers' main residence or properties that borrowers or their family will occupy at any time during the loan term. The Group's lending is not therefore subject to the provisions of the Financial Services and Markets Act 2000 applicable to consumer credit or the retained provisions of the Consumer Credit Act 1974. The Company is neither required to be, nor is, regulated by the Financial Conduct Authority. During the last major reform through the Financial Services Act 2012, which brought consumer credit within the remit of the FCA, business lending was excluded, however, this may change in the future. The Directors consider that if the loans provided by the Group were brought within the Financial Conduct Authority's regulatory perimeter, the Group would be able to implement systems and controls to manage this regulatory environment.

The Group is subject to UK laws and regulations in such areas (but not limited to) as employment, data protection, health and safety, the environment and company law.

The Company is a member of the Association of Short Term Lenders, an association to promote the reputation of the short term lending sector.

Types of loan

The Group typically provides 12-month term loans with fixed interest rates of between 11 and 14 per cent. It may then offer extensions on the same or revised terms for the following 12 months. Borrowers may repay before their loan matures, usually without penalty. Loan exits are usually by re-financing with high street or challenger banks once customers can meet their requirements, or from the sale of the property on which the loan is secured.

The Group's customers utilise their respective loan proceeds for a variety of purposes including:

- re-financing of existing property loans;
- property acquisitions;
- business finance loans – these are secured against property but the funds used for a separate business purpose;
- change of use development – the conversion of a building either from office to residential or house conversion to flats;
- property new build; and
- land acquisition – for these loans security is taken against the land purchased at a lower LTV than for other types of loans.

Customers

The Group sources its loans through a network of commercial finance brokers, some of whom have worked with the management team since 2002. These brokers obtain basic information about prospective borrowers and introduce them to the Group by completing an online application form. If a prospective borrower and loan is deemed acceptable after initial assessment, the Company issues a DIP (Decision in Principle) to the broker with the outline terms. If the borrower wishes to proceed, the credit committee, which comprises the CEO and Chief Operations Officer, assesses potential returns against the risk of lending and then decides whether to progress to issuing a Facility Letter subject to the satisfactory completion of due diligence.

The Directors consider that an accurate assessment and evaluation of prospective borrowers and their loan requests is critical to maintaining the integrity and quality of the Group's loan book. The extent of the due diligence on prospective borrowers and their credit risk reflects the importance of this core element of the business. The Group appoints valuers who are registered with the Royal Institution of Chartered Surveyors with a view to establishing the amount that may be safely advanced given its target average LTV ratio. The LTV ratio that the Company is willing to offer to its customers is assessed on a case by case basis depending on a number of factors, such as the expected ease and timeframe for disposal of the property in the event of a default. In addition, the Group's solicitors carry out legal searches and checks. The Group is then provided with a report which highlights the findings of the solicitors on title and legal matters. Only once the due diligence has been concluded satisfactorily are funds released to the borrowers or their solicitors.

Given the success of the Group's business model, the Directors do not currently have any intention of introducing new financial products or services or to expand into new geographies. Instead, the Directors intend to continue focusing on providing unregulated, secured loans to UK businesses.

Software and IT systems

The Group administers its loan book via a custom designed, cloud-based Loan Agreement Management system (LAMS), which provides audit trails, loan documentation, relationship management and accounts interface. It provides the Group with access to live payment and redemption information, as well as a web based portal for brokers and customers to submit their loan applications. It also enables the providers of the Debt Facilities with access for their own audit purposes.

Debt Facilities

VBFL has a £15 million debt facility with Shawbrook secured by a debenture over its assets. This facility was increased from £10 million on 28 September 2020. VBFL can draw up to 80 per cent. of loans issued to its Borrowers against this facility provided the loans meet certain parameters. The rate of interest is fixed annually and is currently 6.5 per cent. p.a. This allows VBFL to offer loans at fixed rates to its Borrowers.

VAFL has a £10 million debt facility with Aldermore secured by a debenture over its assets. VAFL can draw up to 80 per cent. of loans issued to its Borrowers against this facility provided the loans meet certain parameters. The rate of interest is fixed annually and is currently 6.5 per cent. p.a. This allows VAFL to offer loans at fixed rates to its Borrowers.

The Directors believe the Group has good working relationships with both Aldermore and Shawbrook, both of whom are supportive of its future growth plans. During the Covid 19 pandemic and shutdown, the Group did not seek nor require any forbearance and met all its obligations to these banks.

Further details of the Debt Facilities are set out in paragraph 22 of Part VI of this Document.

Vector Holdings Liability

The Company owes the sum of £3 million plus accrued but unpaid interest to Vector Holdings. This sum is comprised of (i) consideration payable for the assignment of the benefit of certain loans from Vector Holdings to VBFL which the Company has agreed to assume the obligation to pay; (ii) sums lent to the Company by Vector Holdings and (iii) dividends paid by way of crediting Vector Holdings' loan account, in each case to the extent not previously repaid. Interest accrues on the Vector Holdings Liability at 5 per cent. per annum accruing daily and payable quarterly on the last business day of March, June, September and December.

Further details of the assignment of the benefit of loans and the terms of the Vector Holdings Liability are set out in paragraph 19 of Part VI of this Document

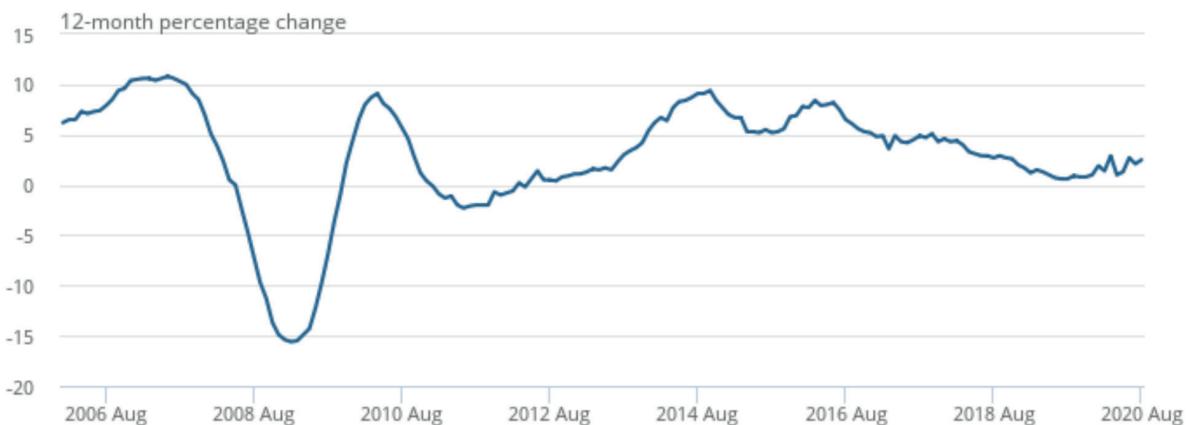
5. Principal markets and trends

The Group operates primarily in the United Kingdom. For each of the three financial years ended 31 December 2019, and for the six months ended 30 June 2020, substantially all the Group's revenue has arisen from businesses operating in, and with real estate located in, England and Wales. Among the most significant economic trends and developments over the past three years are those related to Brexit, followed more recently by the impact of the Covid-19 pandemic. While the Directors do not believe the Group to be immune to broader economic and market trends, they expect the experience and competitive position of the Group to result in it being less impacted than many of its competitors.

Brexit

Since the result of the EU referendum in June 2016, there has been a degree of uncertainty in the real estate market. However, residential property prices have continued on a modest upward trend:

Annual house price rates of change for all dwellings, UK, January 2006 to August 2020



Source: HM Land Registry, Registers of Scotland, Land and Property Services Northern Ireland, Office for National Statistics – UK House Price Index

Residential mortgage lending has remained largely positive since the Brexit vote, with the gross lending amounts changing in 2017, 2018 and 2019 by 5.6, 3.2 and -0.3 per cent. respectively, and the net lending amount changing by 14.3, -3.5 and 7.8 per cent. respectively for the same years¹.

Bridging loan books grew to £4.5 billion in 2019, an increase of 19.7 per cent. compared to 2018².

Covid-19

While the long-term impact of Brexit remains uncertain, especially with the final form of the future trading relationship between the UK and EU being unclear as at the date of this Document, the Directors consider that the more immediate risk to the UK economy has come from the Covid-19 pandemic that reached the UK during the first quarter of 2020. UK gross domestic product (GDP) is estimated to have fallen by 2.2 per cent. during the first quarter of 2020 and by 19.8 per cent. during the second quarter of 2020, however, it increased by 15.5 per cent. in the third quarter of 2020 and a further 0.4 per cent. in October 2020³.

1 Building Society Association, August 2020 (<https://www.bsa.org.uk/statistics/mortgages-housing>, document: Mortgage Lending)

2 The Association of Short Term Lenders, March 2020 (<https://www.theastl.org/index.php/13-news/260-bridging-loan-books-grow-by-nearly-20-in-2019>)

3 Office for National Statistics, December 2020 (<https://www.ons.gov.uk/economy/grossdomesticproductgdp>)

The impact of Covid-19 on bridging loans and similar lending services remains uncertain. However, the survey of the members of the Association of Short Term Lenders, published on 20 July 2020⁴, showed those who expected their turnover to grow and shrink over the following six months to be approximately in balance. However, 64 per cent. of bridging lenders surveyed were confident about the long term prospects of the UK economy compared to 50 per cent. in the previous survey conducted in June 2020.

Competitors

The Company does not compete with the regulated mortgage sector. There are a number of providers of unregulated short term loans of a similar nature to those provided by the Group. This includes specialist short term lenders as well as larger regulated banks offering unregulated loans.

A survey of the members of the Association of Short Term Lenders, published on 20 July 2020, showed that 57 per cent. of responding members expected competition for the provision of unregulated short term loans to decrease in the short term due to some non-specialised lenders leaving the market.

However, the Directors believe that due to the Group's experience, infrastructure, low overheads and agility, the Group continues to have a competitive advantage and the ability to continue to operate successfully in this market segment.

The Directors believe that the principal barriers for entry into the sector are the requisite capital levels and the established distribution channels through commercial finance brokers.

6. Strategy

The Company's strategy is to continue working with selected commercial finance brokers and concentrate on the provision of short term unregulated loans of the same nature as its existing loan book. The Directors consider that Vector is the lender of choice for borrowers who need fast decisions and quick turnarounds to secure loans of the nature of those provided by the Company.

The Directors consider there to be sufficient demand for loans from UK borrowers that fit within the Group's existing lending criteria to meet the Directors' growth expectations, without the need for the Company to materially alter the types of loans it offers.

To achieve its objective of consistent growth, the Company will seek to gradually increase its lending capital through the extension of its debt facilities from wholesale banks and also take advantage of the capital markets in order to raise further capital as required.

7. Directors and Senior Management

The Directors comprise a team with significant experience in secured lending and finance. Details of Vector's Directors and Senior Management are as follows:

Directors

Robin Stevens (aged 67), Non-Executive Chairman

Robin is a Chartered Accountant and a former corporate finance partner and Head of Capital Markets of Crowe UK LLP, having held senior corporate finance and audit partner positions with Mazars LLP and MRI Moores Rowland LLP. Having retired as a partner he is now a Senior Advisor to Crowe and also provides consulting and advisory services to emerging companies operating in the UK and overseas. Robin has had an extensive career in corporate finance including corporate advisory and reporting assignments, raising capital, management buyouts, capital reconstructions, and pre-flotation planning. He has also advised on acquisitions and disposals by public and private companies as well as many IPOs and secondary offerings in the UK and overseas. Robin has specialised in working with international companies and regularly speaks on a range of corporate finance and capital markets issues to international business audiences.

4 The Association of Short Term Lenders, July 2020 (<https://www.theastl.org/index.php/news/13-news/269-bridging-lenders-upbeat-on-long-term-prospects>)

Agam Jain (aged 63), Chief Executive Officer

Founder of the Vector Group, Agam took his previous IT company, Jayex Healthcare, to IPO on the Australian Stock Exchange in 2015. Agam is responsible for the strategic management of the Group. He leads the management team of the Group with the aim of meeting the objectives of the business in growing the loan book in accordance with the Group's credit policy, with a view to delivering consistent returns for investors and managing relationships with stakeholders. In addition to his knowledge of and experience in the loan industry generally, Agam has general management and business-process experience and is familiar with several major software and accounting systems, such as Oracle NetSuite, ERP, CRM and Sage. Agam has been building the secured finance business now operated by the Group for over twenty years. He is a graduate of Imperial and Kings Colleges in Physics and Management Science.

Jonathan Robert Pugsley (aged 40), Finance Director

Jon is a Chartered Certified Accountant by profession, holding a practicing certificate since 2007. Having worked in private practice for ten years, he founded Allazo Accounting & Consultancy in 2012, with two offices located in Hertfordshire. He has been invited to act as finance director for a number of clients. His focus is on helping his clients grow through implementing better systems and structures and ensuring a greater understanding of their finances. Jon has provided hands on accounting support to the Group and is a director of each Group company. He oversees the finance responsibility and interfaces with the external auditors.

Ross Martin Hilton Andrews (aged 60), Non-Executive Director

Ross is an experienced corporate adviser with 30 years' investment banking and stockbroking experience, advising companies and management teams on public market transactions. He was a main board director of Zeus Capital during which time the firm grew from a small corporate finance advisory business in the North West of England to an established investment banking operation based in London, Manchester and Birmingham. He is a non-executive director of several listed companies and brings extensive financial, commercial and corporate governance experience to the Board. Most recently, he established Guild Financial Advisory Limited, an independent corporate finance boutique focused on advising fast growing companies (both private and listed).

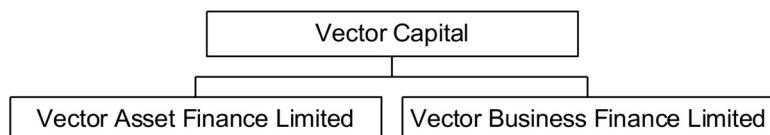
Senior Management

Neil Shantilal Dhanani (aged 65), Chief Operations Officer (Non-Board)

Neil has worked with the Group and its predecessors for over 12 years and is responsible for operations and compliance. He also oversees the internal financial and operational reporting. Neil started his career as a Management Accountant rising to Financial Controller of the Johnson News Group. He has an aggregate of 45 years of experience in business administration, finance and operations. He is a member of the Credit Committee and works with the intention of ensuring the consistent application of policy for new loan facilities. His current focus is to fine-tune operational procedures to efficiently manage the extra volume of transactions envisaged after Admission.

8. Group structure

The organizational structure of the Group is as follows:



Vector Capital plc owns 100 per cent. of the share capital of each of its two Subsidiaries, Vector Business Finance Limited ("VBFL") and Vector Asset Finance Limited ("VAFL"), All entities within the Vector Group are incorporated in England and Wales and operate from the same business address, 13 Sovereign Park, Coronation Road, London NW10 7QP.

On Admission, the Company will be 80.85 per cent. owned by Vector Holdings, which itself is controlled by Agam Jain, with its remaining shares held by members of his immediate family.

9. Summary financial information

The following summary of the audited financial information relating to the Group's activities for each of the three years to 31 December 2019 and the Group's unaudited interim results for the six months to 30 June 2020 has been extracted without material adjustment from the financial information on the Group set out in Parts III and IV of this Document. **In order to make a proper assessment of the financial performance of the Group's business, prospective investors should read this Document as a whole and not rely solely on the key or summarised information in this section.**

	Year ended 31 December 2017 £000	Year ended 31 December 2018 £000	Year ended 31 December 2019 £000	Six months to 30 June 2019 (Unaudited) £000	Six months to 30 June 2020 (Unaudited) £000
Revenue	304	1,835	3,593	1,593	2,130
Cost of sales	(36)	(296)	(484)	(259)	(132)
Gross profit	268	1,539	3,109	1,334	1,998
Administrative expenses	(24)	(123)	(350)	(49)	(214)
Operating profit	244	1,416	2,759	1,285	1,784
Finance costs	(11)	(175)	(792)	(331)	(526)
Profit on ordinary activities before taxation	233	1,241	1,967	954	1,258
Income tax expense	(45)	(236)	(374)	(181)	(239)
Profit after taxation	188	1,005	1,593	773	1,019
Dividends	—	—	(699)	—	—
Retained profit	188	1,005	894	773	1,019

10. Current trading and prospects

The Group temporarily ceased the issue of new loans between April 2020 and June 2020, as a result of the uncertainty caused by the COVID-19 pandemic. The Company offered interest payment holidays to a limited number of customers, each of which subsequently recommenced interest payments from July 2020. Since June 2020, the provision of new loans has recommenced and the Group issued £5.2 million of new loans between 1 July 2020 and 30 September 2020. Demand for new loans remains strong and at 30 September 2020, VAFL and VBFL had loan pipelines totalling £3.4 million in aggregate. The Group's loan book as at 30 September 2020 was £34.7 million, with 61 live loans, an average loan size of £0.57 million and average LTV of 49.9 per cent. On 27 October 2020 the Company declared and paid an interim dividend of £400,000 in respect of the period to 30 June 2020.

Notwithstanding the on-going economic environment resulting from COVID-19, the Directors believe that there will continue to be strong demand for the Group's loans for the remainder of the current year. Further, they consider that the Group is well positioned to grow its loan book in 2021 and beyond whilst maintaining its lending criteria. The Directors are confident in the prospects of the Group.

11. Details of the Placing

The Company is proposing to raise £3.1 million (approximately £2.6 million net of commission, fees and expenses) by the conditional placing of 8,052,895 Placing Shares pursuant to the Placing. The Placing Shares are in registered form, and the Enlarged Share Capital will be free from restrictions on transfer and freely transferable.

The Placing Shares will represent approximately 19.1 per cent. of the Enlarged Share Capital on Admission. The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid in respect of the Ordinary Shares.

The Placing, which is not underwritten or guaranteed, is conditional, *inter alia*, upon Admission. The principal terms of the Placing Agreement are summarised in paragraph 22 of Part VI of this Document.

12. Reasons for Admission and use of proceeds

Reasons for Admission

The Directors believe that the Group has reached a stage of its development where it will benefit from the Company's Admission to trading on AIM and that, as well as providing the net proceeds of the Placing, this will:

- provide the Group with further access to equity capital in a cost effective and timely manner in order to thereby provide the Group with the financial flexibility to further increase its lending power and satisfy the demand which the Directors believe exists for loans of the nature of those provided by the Company;
- help the Company to attract and retain high-quality staff;
- enhance the credentials of the Group with existing and potential customers, introducers and lenders; and
- help to raise the Group's profile in the UK market.

Use of proceeds

The net proceeds of the Placing are expected to total approximately £2.6 million. The Directors intend to use these funds as follows:

- balance sheet lending; and
- general working capital.

Initially, the net Placing proceeds will be used to increase the loan book directly. Once the loans have been issued the Group has the option to drawdown amounts from the banks against the facility to increase the loan book further. The Directors further believe that the stronger balance sheet as a result of the Placing will increase the Group's prospects of increasing its banking facilities, to further increase the Group's lending capacity.

The Group has in place systems and staff to facilitate its medium term growth targets and, as a result, it is not anticipated that a significant portion of the Placing proceeds will be required for overheads.

13. Lock-in agreements

Vector Holdings, which holds, in aggregate, 100 per cent. of the Existing Ordinary Shares as at the date of this Document and will hold 80.85 per cent. of the Enlarged Share Capital on Admission and Ross Andrews, who will hold 0.63 per cent. of the Enlarged Share Capital on Admission, on 18 December 2020, entered into lock-in agreements, pursuant to which they have undertaken to the Company and Allenby Capital not to dispose of the Ordinary Shares held by them at Admission at any time prior to the first anniversary of Admission (the "Lock-in Period"). Certain customary exceptions apply to this obligation.

Furthermore, the Locked-In Shareholders have also undertaken to the Company and Allenby Capital not to dispose of any Ordinary Shares for the period of 12 months following the expiry of the Lock-in Period otherwise than through Allenby Capital.

Further details on lock-in agreements are set out in paragraph 22 of Part VI of this Document.

14. Relationship Agreement

Vector Holdings has entered into the Relationship Agreement, pursuant to which it undertakes to the Company and Allenby Capital amongst other things to exercise its voting rights to procure that the Group and the Company's business shall be managed for the benefit of the Shareholders as a whole and independently from Vector Holdings. Vector Holdings has also provided further undertakings as to the composition of the Board, ensuring certain reserved matters are considered by the Board and that it will not demand repayment of the Vector Holdings Liability without the prior written consent of two independent directors of the Company and that it will provide information to Allenby Capital. It also enters into restrictive covenants.

Further details on the Relationship Agreement are set out in paragraph 19 of Part VI of this Document.

15. Dividend policy

The Directors recognise the importance of dividends to Shareholders and the Company has a track record of paying dividends. The Directors intend to adopt a progressive dividend policy, subject to the discretion of the Board and to the Company having sufficient distributable reserves and working capital resources. It is anticipated that the Company will pay a dividend bi-annually, and that the first dividend post Admission will be the final dividend for the current financial year ending 31 December 2020 and will be declared following publication of the annual results.

16. Corporate governance

The Directors acknowledge the importance of high standards of corporate governance and the Company has adopted the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

At the date of this Document, the Board comprises four Directors, two of whom are Executive Directors and two of whom are Non-Executive Directors, reflecting a blend of different skills, experiences and backgrounds. The Directors consider that all Non-Executive Directors are independent having taken into account their shareholdings, length of service and their separation from the day-to-day running of the business.

The Board meets regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals.

The Group has established properly constituted audit and risk; remuneration and nominations committees of the Board with formally delegated duties and responsibilities, a summary of which is set out below.

Audit and risk committee

The Audit and Risk Committee comprises Robin Stevens and Ross Andrews with Robin Stevens as chair of the committee. The Audit and Risk Committee meets as often as required and at least twice a year. The Audit and Risk Committee's main functions include, *inter alia*, reviewing the effectiveness of internal control systems and risk assessment; considering the need for an internal audit function; making recommendations to the Board in relation to the appointment of the Company's auditors; determining in consultation with the Board as a whole the auditors remuneration; and monitoring and reviewing annually the auditors independence, objectivity, effectiveness and qualifications. The Audit and Risk Committee also monitors the integrity of the financial statements of the Company including its annual and interim reports, preliminary results' announcements and any other financial information provided to Shareholders. The Audit and Risk Committee is responsible for overseeing the Company's relationship with the external auditors as a whole and also considers the nature, scope and results of the auditors' work and reviews, and develops, recommends to the Board and implements policies on the supply of non-audit services that are to be provided by the external auditors. The Audit and Risk Committee further focuses on compliance with legal requirements, accounting standards and the relevant provisions of the AIM Rules for Companies and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts will remain with the Board. The membership of the Audit and Risk Committee and its terms of reference will be reviewed on an annual basis.

Remuneration committee

The Remuneration Committee comprises Robin Stevens and Ross Andrews with Ross Andrews as chair of the committee. The Remuneration Committee's main functions includes, *inter alia*, determining and agreeing with the Board the framework or broad policy for the remuneration of the Company's Chairman and Executive Directors; approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes; reviewing the design of all share incentive plans for approval by the Board and Shareholders together with determining each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Executive Directors, company secretary and other senior executives and the performance targets to be used; and determining the total individual remuneration package of the chairman, each executive director, the company secretary and other senior executives including bonuses, incentive payments and share options or other share awards.

Nomination committee

The Nomination Committee comprises Robin Stevens and Ross Andrews with Ross Andrews as chair of the committee. The Nomination Committee will lead the process for Board appointments and make recommendations to the Board. The Nomination Committee will regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes. The Nomination Committee will meet as and when necessary, but at least twice a year.

QCA Code

From Admission, the Company shall disclose on its website and within its annual report and accounts how the Company complies with the QCA Code and, where it departs from the QCA Code, will explain the reasons for doing so. This information is also set out below. The Company will review this information annually in accordance with the requirements of AIM Rule for Companies 26.

The Company's Chairman leads the Board and oversees its function and direction, as well as having ultimate responsibility for implementing the Company's corporate governance arrangements.

The following summary sets out how the Company intends to apply the key governance principles defined in the QCA Code from Admission.

<i>Principle</i>	<i>Application</i>
Chairman's Corporate Governance Statement	
As Chairman of the Company I am acutely aware of the need, particularly in these uncertain times, for an effective and focused Board that leads the business and builds upon its successes. I and my fellow directors believe in the value and importance of strong corporate governance, at executive level and throughout the operation of the business, and in our accountability to all stakeholders.	
	In line with the AIM Rules requirement to adopt a recognised corporate governance code, the Directors have chosen to adopt the Quoted Companies Alliance Corporate Governance Code published in 2018 (the " QCA Code "). The Directors believe that the QCA Code is the most appropriate recognised governance code for the Company. The QCA Code has ten broad principles and a set of disclosures. The Directors have considered how it applies each principle to the extent it judges to be appropriate in the circumstances and in the statements that follow, we explain our approach to governance and how the Board and its committees operate.
	I am committed to working with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be embraced within the organisation.
1 Establish a strategy and business model which promotes long-term value for shareholders	The Company heads an established and profitable commercial lending group that offers secured loans primarily to businesses located in the United Kingdom. The Company works with selected commercial finance brokers who concentrate on the bridging segment and the Directors believe that the Group has become the lender of choice for borrowers who need fast decisions and turnarounds.
	To achieve its objective of smooth growth the Company is seeking to gradually increase its facilities from wholesale banks and other institutional lenders. Further details of the Strategy and Business model are contained in paragraph 6 of this Part I and will be contained in the Company's future Annual Reports.

	<p>The promotion of long term shareholder value is underpinned by the Board's commitment to act with integrity; be consistently open and ethical in its dealings with all stakeholders; provide fair and objective reporting and seek to ensure that the Group's strategy, business model and performance are clearly communicated and understood. The Directors believe the best way to achieve this is through inclusion of relevant information in the half year and full year reports to shareholders. Moreover, the Directors believe that its values of integrity and transparency protect the Company from any unnecessary risk and secure its' long term future.</p>
2	<p>Seek to understand and meet shareholder needs and expectations</p> <p>The Board aims to provide clear and transparent information as to the Company's activities, strategy, performance, and financial position to its shareholders.</p> <p>Following Admission, the Directors are committed to communicating with shareholders through the Annual Report and Accounts, full-year and half year announcements and the annual general meeting ("AGM"). Shareholders will be encouraged to participate in the AGM and the number of proxy votes received for each resolution will be announced at the AGM and the results of the AGM will be announced.</p> <p>Details of all shareholder communications will be available on the Company's website.</p>
3	<p>Take into account wider stakeholder responsibilities and their implications for long term success</p> <p>The Board works closely with the executive team with clear and open communication both within and outside the boardroom.</p> <p><i>Shareholders</i></p> <p>The Directors value the feedback they receive from the Company's shareholders and take every opportunity to ensure that the comments of shareholders are considered.</p> <p><i>Employees</i></p> <p>The Company has a small number of employees and operates an open-door policy where employees' opinions and suggestions are listened to and valued.</p> <p><i>Suppliers</i></p> <p>The Company has a limited number of suppliers and maintains a close working relationship with them.</p> <p><i>Customers</i></p> <p>The Company provides business loans to its customers with whom it develops an understanding of the financing requirement and maintains a close relationship during the course of the loan period.</p>
4	<p>Embed effective risk management, considering both opportunities and threats, throughout the organisation</p> <p>The Board is responsible for establishing and maintaining internal controls within the Company which are designed to meet the particular risks to the Company and mitigate risks to which it is exposed.</p> <p>The Key elements of the internal controls are:</p> <ul style="list-style-type: none"> ● The Board meets regularly. An agenda and board pack are circulated in advance of each meeting and minutes are prepared and agreed. ● The Company has information systems for monitoring its financial performance against budget.

- The Board monitors the performance of the Company at each Board meeting against a set of agreed Key Performance Indicators.
- The Board has established an Audit and Risk Committee which typically meets with the external auditors on at least an annual basis without the Executive Directors present.

The Company, due to its size, does not at this stage consider it appropriate to have an internal audit function.

The principal risks and uncertainties faced by the Company are set out in the Risk Factors in Part II of this Document and going forward will be contained in the Annual Report which will be available on the Company's website.

- 5 Maintain the Board as a well-functioning, balanced team led by the chair
- The Board comprises four directors: two executive directors, a non-executive chairman and a non-executive director. The Chairman has a casting vote at meetings of the Board (unless he is not entitled to vote on the matter in question).

Agam Jain, Chief Executive Officer, is expected to devote substantially the whole of his time to his duties with the Company. Agam Jain is the controlling shareholder of Vector Holdings, which is itself the controlling shareholder of the Company. A Relationship Agreement is in place between Vector Holdings and the Company under which Vector Holdings has agreed, amongst other matters, to exercise its voting rights to procure that the Group and Business shall be managed for the benefit of the Shareholders as a whole; that it will not seek to influence the running of the Company or any member of the Group at an operational level and will not in the period of five years following Admission carry on or be employed, engaged or interested in any business which would compete with the Company. This agreement also contains provisions requiring that the Board at all times has a majority of directors who are not appointed to the Board by or with the votes of Vector Holdings. For these purposes the current Directors other than Agam Jain are not treated as having been appointed to the Board by or with the votes of Vector Holdings.

Jonathan Pugsley, Finance Director, will contribute as much of his time to the Company as is required for the proper performance of his duties to the Company, with a minimum commitment of the equivalent of one working day per week.

Robin Stevens is the non-Executive Chairman and Ross Andrews is a non-executive director. Each of Mr Stevens and Mr Andrews will devote such time as is necessary for the proper performance of their respective duties to the Company.

The Chairman and the other non-executive director are considered by the Directors to be independent under the QCA Code's guidance for determining such independence.

For the Board to discharge its duties it has access to all relevant information in a timely manner and meets on a monthly basis.

The Board is supported by audit and risk, remuneration and nominations committees and the Directors consider that the members of those committees have the necessary skills, knowledge and experience to discharge their responsibilities effectively.

- 6 Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
- The Board comprises experienced executive and non-executive directors.
- Executive directors are experienced in their management disciplines, i.e. commercial lending to businesses and finance.
- Non-executive directors are from outside businesses and experienced in advising and supporting a variety of public and private companies.
- Directors' biographies are set out in paragraph 7 of this Part I.
- Company Secretarial support is provided by Allazo Ltd, a company registered with the Association of Chartered Certified Accountants. Jonathan Pugsley, Finance Director, is the sole director of Allazo Ltd.
- All directors are encouraged to maintain individual continuing professional development programmes.
- The Board is supported where necessary by its external advisers (details of the Company's nomad and broker, auditors, solicitors and registrar can be found on page 7 of this document). The Board continually reviews the performance of third-party advisers to ensure that they are the most effective business partners for the Company. The Company retains Gunnercooke LLP to advise on all its commercial loans.
- 7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
- The Chairman will review the contribution of each Board member on an on-going basis, both individually and in relation to the performance of the Company as a whole. These reviews will consider the individual contribution; whether they are carrying out their responsibilities effectively and to the highest standard; and where, relevant, whether they have maintained their independence.
- Annual performance reviews will be carried out by the Remuneration Committee.
- The balance of the Board, both in terms of number, experience and split between executive and non-executive is formally assessed on an annual basis as a minimum.
- A Nominations Committee has been established. The composition and remit of the Remuneration Committee and Nominations committee is contained in this paragraph 16 of this Part I.
- 8 Promote a corporate culture that is based on ethical values and behaviours
- The Company promotes honesty and integrity in all its dealings.
- The Directors are mindful of the industry in which the Company operates and take all issues of ethical behaviour seriously.
- The Board has a series of matters reserved for discussion and has approved terms of reference for the Audit, Remuneration and Nominations Committees.
- Recognising that Agam Jain is the controlling shareholder of Vector Holdings, which is itself the controlling shareholder of the Company, a Relationship Agreement is in place between Vector Holdings and the Company. Under this agreement Vector Holdings has agreed, amongst other matters, to exercise its voting rights to procure that the Group and Business shall be managed for the benefit of the Shareholders as a whole; that it will not seek to influence the running of the Company or any member of the Group at an operational level and will not in the period of five years following Admission carry on or be employed, engaged or

interested in any business which would compete with the Company. This agreement also contains provisions requiring that the Board at all times has a majority of directors who are not appointed to the Board by or with the votes of Vector Holdings. The Directors, other than Agam Jain, are not treated as having been appointed by or with the votes of Vector Holdings for these purposes.

Other policies and procedures in place include an Anti-Corruption and Bribery prevention policy and a Social Media Policy.

- The Board is responsible to shareholders for the proper management of the Group.
- The Board comprises Agam Jain, Chief Executive Officer, Jonathan Pugsley, Finance Director, Robin Stevens, Non-executive Chairman and Ross Andrews, Non-executive Director.
- Given the current size of the Company the Directors consider the current size, constitution and experience of the Board is appropriate. As the Company increases in size it may be appropriate to appoint additional directors with complementary skills and experience.

9 Maintaining governance structures and processes that are fit for purpose and support good decision-making by the board

The Board is responsible for:

- setting the commercial strategy
- approving annual budgets
- approving the half year and full year results
- approving the dividend policy
- approving board structure
- approving major capital expenditure
- approving resolutions to be put to shareholders at general meetings

The following governance committees have been established to assist the Board in fulfilling its oversight responsibilities.

Audit and Risk Committee: responsibilities comprise the reviewing and monitoring the integrity of the financial statements; the system of internal controls and risk management, the attitude towards risk and how risk is reported as well as the reviewing the audit process and liaison with the auditors. While Robin Stevens chairing the committee at the same time as being chairman of the Company is not compliant with the QCA Code, the directors consider this appropriate for the Company in view of his extensive accounting experience.

Remuneration Committee: responsibilities comprise determining and agreeing with the Board the framework and policy for the remuneration of the Chairperson and the executive directors.

Nominations Committee: responsible for regular review of the structure, size and composition of the Board, succession planning and identifying candidates for any vacancies.

Each of the committees will comprise only Non-executive directors, except where the Company's nominated advisor has provided its consent.

10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is open to an open dialogue with its shareholders and welcomes interaction.

The Directors are committed to ensuring that:

- The Company's contact details are contained on the website;
- The contact details of the Chief Executive Officer are contained on all announcements.
- The outcome of all shareholder votes will be contained on the website in a clear and transparent manner.
- Where 20 per cent. of independent votes have been cast against a resolution at any general meeting the Company will include on the website an explanation of what actions it intends to take to understand the reasons behind that vote result and any action it will take as a result of that vote.
- The website contains relevant information on the Company (including historical financial statements and other governance related material) and is updated on a regular basis.

The Company currently does not retain a Public Relations firm but will keep the matter under review.

All Shareholders are encouraged to attend the Annual General Meeting.

17. Share dealing policy

The Company has adopted a Share Dealing Code for persons discharging management responsibilities in respect of the Company ("PDMRs") and persons closely associated with them, which complies with Rule 21 of the AIM Rules for Companies and also with the requirements of MAR. The Share Dealing Code provides that there are certain periods during which dealings in the Company's Ordinary Shares cannot be made including the periods leading up to the publication of the Company's financial results, including interim results. The Company will take all reasonable steps to ensure compliance by PDMRs and persons closely associated with them with the share dealing code.

It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

18. Anti-bribery and corruption policy

The Company has adopted an anti-corruption and bribery policy which applies to the Board and employees of the Company and will apply to management and employees of the Group following Admission. It generally sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption in all the jurisdictions in which the Group operates as well as providing guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

19. The City Code on Takeovers and Mergers

The Company is a public company incorporated in England and Wales, and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The City Code applies, *inter alia*, to all companies which 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 multilateral trading facility (such as AIM) or a stock exchange in the Channel Islands or Isle of Man. Accordingly, the City Code applies to the Company and, therefore, Shareholders are entitled to the protections afforded by the City Code. The

Takeover Panel has statutory powers to enforce the City Code in respect of companies to which the Code applies.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the Voting Rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the Voting Rights of such a company but does not hold shares carrying more than 50 per cent. of such Voting Rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying Voting Rights in which he is interested.

Unless the Panel otherwise consents, an offer under Rule 9 of the City Code must be made to all other Shareholders, be in cash (or have a cash alternative) at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interests in shares of the Company during the 12 months prior to the announcement of the offer and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the Voting Rights.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the Voting Rights of a company, acquires any further shares carrying Voting Rights, then they will not generally be required to make a general offer to the other Shareholders to acquire the balance of their shares, though Rule 9 of the City Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interests in the Voting Rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Panel.

On Admission, Vector Holdings will be interested in approximately 80.85 per cent. of the Enlarged Share Capital. As Vector Holdings will control in excess of 50 per cent. of the Enlarged Share Capital on Admission, for so long as this remains the case, Vector Holdings and persons acting in concert with Vector Holdings (as defined in the City Code) would be entitled to increase their aggregate interest in the Voting Rights of the Company without incurring the obligation under Rule 9 of the City Code to make a general offer.

The Act provides that if an offer is made in respect of the issued share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has received acceptances amounting to 90 per cent. in value of the shares to which the offer relates, subject to the rights of any Shareholders who have not accepted the offer to apply to the Court for relief. Certain time limits apply.

20. Taxation

The Directors consider that the Ordinary Shares are eligible for Business Property Relief ("BPR") offering inheritance tax exemption subject to the normal conditions for the relief. However the Directors can give no assurance that the Company will continue to be managed to preserve BPR. Your attention is drawn to the sections on UK taxation contained in paragraph 9 of Part VI of this Document. **If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own professional adviser immediately.**

21. Settlement, dealing arrangements and CREST

Application has been made to the London Stock Exchange for all the Ordinary Shares (including the Placing Shares) to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Enlarged Share Capital of the Company will commence on 29 December 2020.

No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at their 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.

No temporary documents of title will be issued in connection with the Placing. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

In respect of subscribers who will receive their Placing Shares in uncertificated form, Ordinary Shares will be credited to their CREST stock accounts on the Admission Date on a delivery vs payment basis. The Company reserves the right to issue any Ordinary Shares in certificated form should it consider this to be necessary or desirable.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. CREST is a voluntary system and applicants who wish to receive and retain certificates will be able to do so. The Articles permit the holding of Ordinary Shares in CREST. The Company will apply for the Enlarged Share Capital to be admitted to CREST on the date of Admission. Accordingly, settlement of transactions in the uncertificated Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

22. Additional information

Your attention is drawn to the information included in Parts II to VI of this Document. In particular, you are advised to consider carefully the risk factors contained in Part II of this Document.

PART II

RISK FACTORS

The attention of prospective investors is drawn to the fact that ownership of shares in the Company will involve a variety of risks which, if they materialise, may have an adverse effect on the Company's business, financial condition, results or future operations. In such a case, the market price of the Ordinary Shares could decline, and an investor might lose all or part of his investment.

In addition to the information set out in this Document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. In particular, the Company's performance might be affected by changes in market, policy and economic conditions and in legal, regulatory and tax requirements.

Additionally, there may be further risks of which the Directors are not aware or believe to be immaterial that may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities.

RISK FACTORS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

Vector is reliant on a sufficient supply of prospective borrowers.

Vector relies on a sufficient demand for property loans from borrowers, almost all of which are located in England. In circumstances where there is insufficient demand for loans, or where the type of demand for loans is unsuitable and/or too low in volume (for example, from borrowers whose property is already subject to a first charge, or from borrowers who are seeking a lower interest rate), the results of operations of the Company would be materially and adversely affected.

The value of property in England may decrease, impairing the quality of Vector's loan book.

Vector lends to businesses against real property, substantially all of which is located in England. Adverse economic conditions in England, for example as a result of Brexit, the COVID-19 pandemic or as a result of the business cycle, could accordingly decrease the value of real property assets, which would impair the quality of the Company's then-existing loan book. This would make it more difficult for borrowers that are relying on rental income to repay their loans in the cases where the properties were leased to tenants. It could also decrease the recovery in a repossession scenario. A reduction in the ability of Vector to recover amounts owed to it in a repossession scenario could negatively impact the Company's financial performance, which would likely decrease the value of Vector's share capital.

The terms of Brexit and the economic uncertainty that surrounds it may negatively impact Vector's results of operations and prospects.

The UK left the EU on 31 January 2020 and the Transition Period during which EU Rules will continue to apply is currently legislated to expire on 31 December 2020. Brexit could have a significant impact on Vector's business and financial condition. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based on European Union legislation. In addition, the macroeconomic effect of Brexit on Vector's business and that of its borrowers is unknown. As such, it is not possible to state the impact that Brexit may have on Vector and whether such impact would positively or adversely affect the business. However, prolonged political and economic uncertainty and the

potential negative economic trends that may precede or follow Brexit could have a material, adverse effect on Vector's overall business and financial condition by, for example, reducing the demand for loans and decreasing the price of real property in England. These effects could result in a decrease in the value of Vector's Ordinary Shares.

The current COVID-19 Pandemic and the economic uncertainty that surrounds it may negatively impact Vector's results of operations and prospects.

The COVID-19 Pandemic that has caused UK Government-imposed restrictions on certain economic activities during 2020 may have long-term negative effects on the financial performance of Vector. At this time it cannot be accurately forecast whether further UK Government restrictions on certain activities will be imposed or re-imposed at a later point and whether these actions will have a negative impact on the financial performance of Vector in the future. In addition, the macroeconomic effect of COVID-19 on Vector's business and that of its borrowers is unknown. As such, it is not possible to state the impact that COVID-19 would have on Vector and whether such impact would positively or adversely affect the business. However, prolonged political and economic uncertainty and the potential negative economic trends that may precede or follow COVID-19 would likely have a material, adverse effect on Vector's overall business and financial condition by, for example, reducing the demand for loans and decreasing the price of real property in England. The UK Government has as part of its Covid-19 policies imposed temporary restrictions on court proceedings for the repossession of property following defaults on secured loans, which, if extended, may have a detrimental long-term impact on the Company. These effects could result in a decrease in the value of Vector's Ordinary Shares.

Unfavourable economic conditions would adversely impact Vector's results and/or financial condition

Vector's operating results and/or its financial condition may be negatively affected by a downturn in the general economic climate within the areas that Vector operates, specifically England. A reduced level of economic activity may reduce the number of new loans granted. This, in turn, could lead to stagnation in growth or a decline in Vector's operating revenue. Similarly, an increase in interest rates will make borrowing more expensive and may, in general, reduce the demand for property-related loans. A general decline in the economy will depress the value of Vector's share capital.

Changes in the regulatory environment may increase Vector's compliance costs.

Although Vector is not currently required to be regulated by the Financial Conduct Authority (FCA) in respect of its lending business, it may need to be regulated in the future. Future UK governments may, for example, decide to impose specific capital requirement or supervisory requirements on companies that, like Vector, are engaged in secured lending to businesses. In addition to the costs of complying with any such legislation, any failure to comply with any applicable laws and regulatory framework could result in investigations and enforcement actions being brought against Vector, financial redress having to be made, authorisations or registrations that Vector needs to do business not being issued or being revoked, fines or the suspension or termination of Vector's senior management or Vector's ability to do business. These consequences, individually or together, would have an adverse effect on Vector's business, financial condition, results of operations or prospects and may impact Vector's ability to implement its business strategy.

Force Majeure

In addition to the Brexit and COVID-19 risks outlined above, Vector's operations now or in the future may be adversely affected by risks outside the control of the Company including war, terrorism or threats of terrorism, civil disorder, subversive activities or sabotage, fires, floods, explosions, or other catastrophes, epidemics or quarantine restrictions. Such low-probability, high-impact events could have a material, negative effect on the market price of Vector's Ordinary Shares.

As an originator of loans, Vector is exposed to possible misrepresentation and/or fraud by borrowers.

As an originator of loans, Vector is exposed to possible misrepresentation and/or fraud by borrowers. For example, borrowers could seek to provide funds using inflated (or fabricated) income streams or valuations. To the extent that borrowers who defraud or misrepresent their financial condition in this way are unable to repay their loans, and there is no equity in the real property in issue, Vector's financial condition and results of operations would be harmed.

The Company may not be able to retain existing business relationships or form new business relationships

Vector's Directors and its employees from time to time rely significantly on maintaining good relationships with existing borrowers and lenders (specifically those who provide Vector's banking facilities), together with intermediaries of those borrowers and lenders. There can be no assurance that Vector's existing relationships with those companies and individuals will continue or be renewed or that new business relationships will be successfully formed. In addition, maintenance of a good working relationship with financial intermediaries is very important as it results in continuing business and, in some cases, helps Vector generate new business. Therefore, Vector's development, financial condition, operating results or prospects, could be adversely affected should the relationships with the individuals in the Company's network deteriorate.

Reliance on key personnel

Loss of key management or other key personnel, particularly to competitors, could have adverse consequences for the Group. Whilst the Group has entered into service agreements and/or letters of appointment with each of its Directors and certain senior employees, the retention of their services cannot be guaranteed. Furthermore, as the Group expands it will need to recruit and integrate additional personnel in a competitive market for suitably qualified candidates. The Group may not be successful in identifying and engaging suitably qualified people or integrating them into the Group which may impact the performance of its business.

Vector's loan book is highly concentrated in England and weighted heavily towards secured finance

Vector's loan origination business is almost entirely conducted with customers in the UK, in particular in England and Wales. In the event of a disruption to the UK credit markets or general economic conditions in the UK or macroeconomic conditions generally (including increased interest rates and/or unemployment in England, where Vector has significant exposure), this concentration of credit risk could cause Vector to experience significant losses.

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

Insurance

There can be no certainty that the Group's insurance cover is adequate to protect it against every eventuality. The Group's position, financial performance, prospects and business could be materially adversely affected if an event occurred for which the Group did not have adequate insurance cover.

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 business. However, there can be no assurance that there will be no such proceedings in the future that could affect the reputation, business or performance of the Group.

Competition may limit the Company's operations and profits

The industries in which Vector operates—real estate finance—is characterised by heavy competition and as a result of this the Company suffers the risk that it may not locate enough borrowers to make it sufficiently profitable to maintain or improve the Company's financial condition, or that the fees and interest rates that it is able to charge may have a negative impact on the Group's business, prospects and financial performance.

Ability to generate revenues and profits

At this stage, there is no certainty that the Group will expand its share of its current markets to the extent that it intends to. Failure to do so and slower demand for the Group's services may result in revenues growing more slowly than anticipated. In addition, there is no certainty that existing brokers will continue to trade, trade at the same levels or will continue to refer business to Vector, all of which may lead to a decline in the number of brokers in the Group's network and therefore a decline in the Group's revenue and profits.

Past performance

The past performance of the Group is not a guide to future performance of the Group and no representation is made or warranty given regarding future performance of the Group.

Financial resources

In the opinion of the Directors, having made due and careful enquiry, taking into account the existing facilities available to the Group and the net proceeds of the Fundraising, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission. The Group's future capital requirements will, however, depend on many factors, including economic and market conditions and the Group's ability to expand its lending book, maintain or improve interest margins and control costs. In the future, the Group may require additional funds, particularly to take advantage of acquisition opportunities, and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing, if available, may require restrictions to be placed on the Group's future financing and operating activities. The Group may be unable to obtain additional financing on acceptable terms or at all if, for example, market and economic conditions, the financial condition or operating performance of the Group or investor sentiment (whether towards the Group in particular or towards the market sector in which the Group operates) are unfavourable. The Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

Data protection risk

Whilst the Group has in place systems and procedures to seek to comply with the Data Protection Act 1998 and the General Data Protection Regulation, failure by it to comply with data protection legislation may leave the Group open to criminal and civil sanctions.

Future uncertainty

This Document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Group's plans, goals and prospects. These statements and the assumptions that underlie them are based on the current expectations of the Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that actual performance of the Group will not differ materially from matters described in this Document.

Third party changes to products, technology and services

The Group is dependent on products, technologies and services provided by third parties in its business. Any changes made by these third parties to functionality, pricing or settings of these products, technologies and services could adversely affect the Group's business and prospects.

Disruption or failure of networks and information systems, the internet or other technology

The Group's business is dependent on the availability of network and information 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, 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 promptly address the attacks or to implement adequate preventative measures. Such events could result in large expenditures necessary to recover data, or repair or replace such networks or information systems or to protect them from similar events in the future. Significant incidents could result in a disruption of parts of the Group's business, customer dissatisfaction, damage to the Group's brands, legal costs or liability, and a loss of customers or revenues and affect the Group's financial performance and prospects.

Costs of compliance with corporate governance and accounting requirements

As a public company whose Ordinary Shares will be admitted to trading on AIM, Vector is subject to enhanced requirements in relation to disclosure controls and procedures and internal control over financial reporting. Vector may incur significant costs associated with its public company reporting requirements, including costs associated with applicable corporate governance requirements. Vector expects to incur significant legal and financial compliance costs as a result of these rules and regulations and if Vector does not comply with all applicable legal and regulatory requirements, this may have a material adverse effect on Vector's business, financial condition, results of operations and prospects.

Taxation

The attention of potential investors is drawn to paragraph 9 of Part VI of this Document headed "Taxation". The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Group may change during the life of the Group.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Document are those currently available and their value depends upon the individual circumstances of investors. Any change in the Group's tax status or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

RISKS RELATING TO THE ORDINARY SHARES

Investment in AIM securities and liquidity of the Company's Shares

An investment in companies whose shares are traded on AIM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than the Official List. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and therefore, such Ordinary Shares may be or may become difficult to sell.

The market for the Ordinary Shares following Admission may be highly volatile and subject to wide fluctuations in response to a variety of factors which could lead to losses for Shareholders. These potential factors include amongst others: any additions or departures of key personnel, litigation and negative press, newspaper and/or other media reports.

Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up, that the market price of the Ordinary Shares 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.

Investors may not be able to realise returns on their investment in Ordinary Shares within a period that they would consider to be reasonable

Investments in Ordinary Shares may be relatively illiquid. There may be a limited number of Shareholders and this factor may contribute both to infrequent trading in the Ordinary Shares on the London Stock Exchange and to volatile Ordinary Share price movements. Investors should not expect that they will necessarily be able to realise their investment in Ordinary Shares within a period that they would regard as reasonable. Accordingly, the Ordinary Shares may not be suitable for short-term investment. Admission should not be taken as implying that there will be an active trading market for the Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the issue price.

Market in the Ordinary Shares

The share price of publicly quoted companies can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, some specific to the Company and its operations and others to the AIM market or stock markets in general including, but not limited to, variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions or legislative changes in the Company's sector. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares. The trading of the Ordinary Shares on AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares and there is no guarantee that an active market will develop or be sustained after Admission. It may be more difficult for an investor to realise his investment in the Company than in a company whose shares are quoted on the Official List.

Dilution of Shareholders' interest as a result of additional equity fundraising

The Company may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Dividends

The ability of Vector to pay dividends on the Ordinary Shares is a function of its profitability and the extent to which, as a matter of law, it will have available to it sufficient distributable reserves out of which any proposed dividend may be paid. Although Vector intends to pay dividends semi-annually, it can give no assurance or guarantee that it will be able to do so. If Vector is not able to make its planned dividend payments, the price of its Ordinary Shares is likely to drop.

The Company's Shareholders may appear to be, or may become, conflicted

Agam Jain and his immediate family, who collectively are expected to hold, through Vector Holdings 80.85 per cent. of Vector's share capital on Admission and who will also be subject to 24-month (in the aggregate) lock-in agreements, may in the future develop conflicts of interest between Vector's business and other business activities. In particular, if any such family member, in his or her capacity as a shareholder of Vector Holdings, acted in such a way as to benefit himself or herself personally, at the expense of Vector, Vector could suffer reputational damage, which could have a detrimental effect on the market price of Vector's Ordinary Shares. The lock-in agreements described in this risk factor are summarised in greater detail in paragraph 22 of Part VI of this Document under the sub-heading "Lock-In Agreements".

The investment detailed in this Document may not be suitable for all of its recipients and involves a high degree of risk. Before making an investment decision, prospective investors are advised to consult a professional adviser authorised under the FSMA if they are in the United Kingdom or, if not, to consult another appropriately authorised and independent financial adviser who specialises in advising on investments of the kind described in this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

PART III

SECTION A: ACCOUNTANTS' REPORT ON THE HISTORIC FINANCIAL INFORMATION ON THE GROUP

18 December 2020

The Directors
Vector Capital Plc
13 Sovereign Park
Coronation Road
London
NW10 7QP

and

The Directors
Allenby Capital Limited
5 St. Helen's Place
London
EC3A 6AB

Dear Sirs,

Vector Capital Plc (the "Company")

Introduction

We report on the financial information set out in Part III of the AIM admission document (the "**Admission Document**") of Vector Capital Plc (the "**Company**"). This financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 5 to the financial information. This report is required by Paragraph 18.1 of Annex I of the Prospectus Regulation Rules as applied by paragraph (a) of Schedule 2 of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company (the "**Directors**") are responsible for preparing the financial information on the basis of preparation set out in paragraph 1 to the financial information and in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under Paragraph 18.1 of Annex I of the Prospectus Regulation Rules of the Prospectus Rules as applied by Part (a) of Schedule 2 of 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 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 Paragraph 18.1 of Annex I of the Prospectus Regulation Rules as applied by Paragraph (a) of Schedule 2 of the AIM Rules for Companies, consenting to its inclusion in this Admission Document.



Jeffreys Henry LLP
CHARTERED ACCOUNTANTS

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Morison KSi
Independent member

WINNER
accountingexcellence
SPECIALIST TEAM
OF THE YEAR
2018

WINNER
MID-TIER FIRM
OF THE YEAR
2016/17

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council 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 the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company'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.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the consolidated state of affairs of the Company for each of the three years ended 31 December 2019, and of its consolidated results, financial position, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation and the applicable reporting framework set out in Note 5 of the financial information.

Declaration

For the purposes of paragraph (a) of Schedule 2 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 item 1.2 of Annex 1 and item 1.2 of Annex 11 of the Prospectus Regulation Rules as applied by paragraph (a) of Schedule 2 to the AIM Rules.

The financial information included herein comprises:

- consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flow;
- a statement of accounting policies; and
- notes to the income statements and the balance sheets.

Yours faithfully



JEFFREYS HENRY LLP

SECTION B: HISTORIC FINANCIAL INFORMATION ON THE GROUP

**1. Consolidated Statement of Profit or Loss and Other Comprehensive Income
For each of the three years ended 31 December 2019**

	Note	Year ended 31.12.17 £'000	Year ended 31.12.18 £'000	Year ended 31.12.19 £'000
CONTINUING OPERATIONS				
Revenue		304	1,835	3,593
Cost of sales	6.2	(36)	(296)	(484)
GROSS PROFIT				
Administrative expenses		268	1,539	3,109
		(24)	(123)	(350)
OPERATING PROFIT				
Finance costs		244	1,416	2,759
		(11)	(175)	(792)
PROFIT BEFORE INCOME TAX				
Income tax	6.2	233	1,241	1,967
	6.3	(45)	(236)	(374)
PROFIT FOR THE YEAR				
Total comprehensive income attributable to:		188	1,005	1,593
Owners of the parent		188	1,005	1,593
Earnings per share expressed in pence per share:				
Basic	6.6	1.11	5.91	9.37
Diluted	6.6	1.11	5.91	9.37

2. Consolidated Statement of Financial Position as of 31 December 2017, 2018 and 2019

	Note	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
ASSETS				
NON-CURRENT ASSETS				
Trade and other receivables	6.7	—	2,968	1,400
		—	2,968	1,400
CURRENT ASSETS				
Trade and other receivables	6.7	12,639	19,980	32,851
Cash and cash equivalents	6.8	68	97	337
		12,707	20,077	33,188
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	6.9	2,474	5,736	17,127
Tax payable		45	236	374
		2,519	5,972	17,501
NET CURRENT ASSETS				
		10,188	14,105	15,687
NON-CURRENT LIABILITIES				
Trade and other payables	6.9	—	880	—
		10,188	16,193	17,087
NET ASSETS				
SHAREHOLDERS' EQUITY				
Called up share capital	6.10	170	170	170
Group reorganisation reserve	6.11	9,830	14,830	16,830
Retained earnings	6.11	188	1,193	87
		10,188	16,193	17,087

3. Consolidated Statement of Changes in Equity

	<i>Called up share capital £'000</i>	<i>Group reorganisation reserve* £'000</i>	<i>Retained earnings £'000</i>	<i>Total equity £'000</i>
Balance at 1 January 2017	–	–	–	–
Issue of share capital	170	–	–	170
Group reorganisation adjustment	–	9,830	–	9,830
Total comprehensive income	–	–	188	188
Balance at 31 December 2017	170	9,830	188	10,188
Changes in equity				
Cash issue of share capital	5,000	–	–	5,000
Group reorganisation adjustment	(5,000)	5,000	–	–
Total comprehensive income	–	–	1,005	1,005
Balance at 31 December 2018	170	14,830	1,193	16,193
Changes in equity				
Dividends	–	–	(699)	(699)
Bonus issue of share capital in subsidiary	–	2,000	(2,000)	–
Total comprehensive income	–	–	1,593	1,593
Balance at 31 December 2019	170	16,830	87	17,087

*Includes the merger relief reserve

4. Consolidated Statement of Cash Flows
For each of the three years ended 31 December 2019

	Year ended 31.12.17 £'000	Year ended 31.12.18 £'000	Year ended 31.12.19 £'000
Cash flows from operating activities			
Cash (used in)/generated from operations	(1,791)	3,775	(277)
Interest paid	(11)	(158)	(750)
Tax paid	—	(45)	(236)
Net cash (outflow)/inflow from operating activities	<u>(1,802)</u>	<u>3,572</u>	<u>(1,263)</u>
Cash flows from financing activities			
Advances from/(payments to) parent company	1,624	(3,297)	2,200
Advances from/(payments to) directors	246	(246)	2
Equity dividends paid	—	—	(699)
Net cash inflow/(outflow) from financing activities	<u>1,870</u>	<u>(3,543)</u>	<u>1,503</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	<u>68</u>	<u>29</u>	<u>240</u>
Cash and cash equivalents at end of year	<u>68</u>	<u>97</u>	<u>337</u>

**RECONCILIATION OF PROFIT BEFORE INCOME
TAX TO CASH GENERATED FROM OPERATIONS**

	£'000	£'000	£'000
Profit before income tax	233	1,241	1,967
Finance costs	11	175	792
	<u>244</u>	<u>1,416</u>	<u>2,759</u>
Decrease in trade and other receivables	(12,640)	(8,635)	(12,975)
Increase in trade and other payables	10,605	10,994	9,939
	<u>(1,791)</u>	<u>3,775</u>	<u>(277)</u>

5. Accounting Policies

Basis of preparation

The consolidated financial information of Vector Capital Plc and its subsidiaries (the “**Group**”) has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The financial information is prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds.

Basis of consolidation

Subsidiaries are all entities which the Group has control. The subsidiaries consolidated in these group accounts were acquired via group re-organisation and as such Merger accounting principles have been applied. The subsidiaries financial figures are included for their entire financial year rather than from the date the Company took control of them.

The Company acquired its 100 per cent. interest in Vector Asset Finance Limited (“**VAFL**”) and Vector Business Finance Ltd (“**VBFL**”) in 2019 by way of a share for share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of the Group, but they are a continuance of those of VAFL and VBFL. Therefore, the assets and liabilities of VAFL and VBFL have been recognised and measured in these consolidated financial statements at their pre combination carrying values. The retained earnings and other equity balances recognised in these consolidated financial statements are the retained earnings and other equity balances of the Company, VAFL and VBFL. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to affect the consolidation. The difference between consideration given and net assets of VAFL and VBFL at the date of acquisition is included in a group reorganisation reserve.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated during the consolidation process.

The Subsidiaries prepare their accounts to 31 December under FRS101, there are no deviations from the accounting standards implemented by the Company. Where necessary accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Significant accounting policies

a) Revenue Recognition

Turnover is measured at the fair value of the consideration received or receivable net of trade discounts. Turnover includes revenue earned from the rendering of service, namely commercial lending in the unregulated secured loan market, the policies adopted are as follows:-

- Interest income is recognised on an accrual basis using the actual interest rate as stipulated within the terms of the contractual agreement.
- Setup and renewal fees are recognised in accordance with the stage of completion.

Dividend and interest income

Interest income, other than from commercial loans, is recognised using the effective interest method and dividend income is recognised as the Company's right to receive payment is established. Each is then shown separately in the statement of profit or loss and other comprehensive income.

Significant accounting policies

b) Investments

Investment in subsidiaries are initially measured at cost and subsequently each year re-measured at fair value. Gains or losses arising from changes in fair values of investments are included in profit or loss in the period in which they arise.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and time, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

d) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes 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 (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

e) Financial assets

Financial assets are subsequently classified into the following specified categories:

- financial assets at fair value through profit or loss, including held for trading;
- fair value through other comprehensive income; or
- amortised cost.

The classification depends on the nature and purpose of the financial asset (ie. the company's business model for managing the financial assets and the contractual terms of the cash flows) and is determined at the time of initial recognition.

Financial assets are classified as at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. They are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not held at amortised cost or fair value through other comprehensive income are held at fair value through profit or loss.

f) Trade receivables

Trade receivables are amounts due from customers in relation to commercial lending provided as part of the ordinary course of business. If collection is expected in one year or less (as is the normal operating cycle of the business), the receivables are classified as current assets, if not, they are presented as non-current assets.

Loans made by the Company are initially recognised at cost, being the fair value of the consideration received or paid associated with the loan or borrowing. Loans are subsequently measured at amortised cost using the effective interest method where appropriate, less any impairment for loans. The loan will be de-recognised when the company is no longer eligible for the cash flows from it.

The credit risk of trade receivables is considered low due to the legal charges held by the company. The directors regularly review the trade receivables to ensure security held is sufficient to maintain a low level of risk. Where defaults occur, the Company uses its legal powers to seize assets held as security and liquidate them in order to recover the debt. Should the security diminish in value and credit risk is re-assessed as higher the directors will make a provision for bad debts which will represent a charge to the Income statement.

There is no grouping for credit risk, each trade receivable is reviewed on its own merit.

Significant accounting policies

g) Financial liabilities

Financial liabilities are contractual obligations to deliver cash or another financial asset.

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives, other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss (see ‘fair value option’ below).

All interest-bearing loans and borrowings are classified as financial liabilities at amortised cost.

h) Fair value option

An entity may, at initial recognition, irrevocably designate a financial asset or liability that would otherwise have to be measured at amortised cost or fair value through other comprehensive income to be measured at fair value through profit or loss if doing so would eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an ‘accounting mismatch’) or otherwise results in more relevant information.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an open transaction between free market participants.

i) De-recognition

De-recognition of financial assets and liabilities is the point at which an asset or liability is removed from the financial statement.

Financial assets are de-recognised when the rights to receive cashflows from the assets have ceased and the Company has transferred substantially all the risk and rewards of ownership of the asset.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expired.

j) Impairment

Impairment of financial assets is recognised in stages:

Stage 1 – as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

Stage 2 – if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1.

Stage 3 – if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

On an ongoing basis the Company reviews and assesses whether a financial asset is impaired.

Expected credit losses are calculated based on the Company review using objective tests of security held, defaults, market conditions and other reasonable information available to the Company at the time of review. There is no grouping for credit risk, each trade receivable is reviewed on its own merit.

Losses as a result of the review are recognised in the Income Statement.

k) Borrowing costs

All borrowing costs are recognised in the profit and loss in the period in which they are incurred.

Critical accounting estimates and judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed by the directors on an ongoing basis. Revisions or amendments to the accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The directors consider that loan impairment provision is the most important to the true reflection of the Company's position.

Loan impairment provisions

The directors monitor debts carefully, the Company operates tight controls to ensure bad debts are minimised, including the holding of adequate legal security. Where debts become overdue management assess the collectability of the debt on a case by case basis, where doubts exist over the recoverability provisions will be made and charged to the Income statement.

Financial risk management

The Group's risk management is controlled by the board of directors. The board identify, evaluate and mitigates financial risks across the Group. Financial risks identified and how these risks could affect the Group's future financial performance are listed below;

Market risk – interest rate

The Group hold borrowings from banks at variable rates which are linked to lending provided to customers. The risk is measured through sensitivity analysis. The risk is managed via monitoring of base rates when new loans and renewals are issued to maintain a suitable margin above cost. Since loans are short term the exposure to higher rates is low.

Credit risk

The Group lends to third parties as included in trade debtors, there is a risk of default from a borrower. Risk is measured by review of security held compared to credit provided. The risk is managed by undertaking thorough valuations of security, obtaining legal charge and stringent onboarding processes. At the year end, Group trade debtors of £32.23 million represented 57 per cent. of the security held.

Liquidity risk

The risk the Company cannot meet its financial responsibilities such as finance and operating expenses. The risk is measured by way of rolling cash flow forecasts prepared by management, including undrawn borrowing facilities and cash and cash equivalents. The risk is controlled by the timing and availability of new finance for customers.

Capital risk

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to be profitable for its shareholders. The board monitors capital by assessing liquidity, forecasts and demand for lending on an ongoing basis.

6. Notes to the Financial Information

6.1 EMPLOYEES AND DIRECTORS

	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Wages and salaries	—	—	80
Social security costs	—	—	6
Other pension costs	—	—	1
	<hr/>	<hr/>	<hr/>
	—	—	87
	<hr/>	<hr/>	<hr/>

The average number of employees during the year was as follows:

	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Administrative and Management	2	2	5
	<hr/>	<hr/>	<hr/>
<i>Directors' remuneration</i>	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Directors remuneration	—	—	50
Social security costs	—	—	6
Pension costs	—	—	—
	<hr/>	<hr/>	<hr/>
	—	—	56
	<hr/>	<hr/>	<hr/>

6.2 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging:

	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Brokers' commissions	36	296	484
Auditors' remuneration	10	18	30
	<hr/>	<hr/>	<hr/>

6.3 INCOME TAX

	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
<i>Analysis of tax expense</i>			
Current tax:			
Tax	45	236	374
Total tax expense in consolidated statement of profit or loss	45	236	374
	<hr/>	<hr/>	<hr/>

Factors affecting the tax expense

as shown below:

Profit before income tax	233	1,241	1,966
Profit multiplied by the standard rate of corporation tax in the UK of 19 per cent. (2019), 19 per cent. (2018) and 19 per cent. (2017)	45	236	374
	<hr/>	<hr/>	<hr/>

6.4 PROFIT OF PARENT COMPANY

The Company's profit for the financial year was £699,000 (2018 – £0, 2017 – £0).

6.5 DIVIDENDS

	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Ordinary shares of £0.01 each			
Final	<u>–</u>	<u>–</u>	<u>699</u>

The dividends were paid by the Company to Vector Holdings Limited on 31 December 2019.

6.6 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

	31.12.17 Weighted average number of shares £'000	Per-share amount pence
Basic EPS		
Earnings attributable to ordinary shareholders	188	17,000
Effect of dilutive securities	<u>–</u>	<u>–</u>
Diluted EPS		
Adjusted earnings	<u>188</u>	<u>17,000</u>
	31.12.18 Weighted average number of shares £'000	Per-share amount pence
Basic EPS		
Earnings attributable to ordinary shareholders	1,005	17,000
Effect of dilutive securities	<u>–</u>	<u>–</u>
Diluted EPS		
Adjusted earnings	<u>1,005</u>	<u>17,000</u>
		5.91

6.6 EARNINGS PER SHARE

	<i>Earnings £'000</i>	<i>Weighted average number of shares £'000</i>	<i>Per-share amount pence</i>
Basic EPS			
Earnings attributable to ordinary shareholders	1,593	17,000	9.37
Effect of dilutive securities	—	—	—
Diluted EPS			
Adjusted earnings	1,593	17,000	9.37

6.7 TRADE AND OTHER RECEIVABLES

	<i>31.12.17 £'000</i>	<i>31.12.18 £'000</i>	<i>31.12.19 £'000</i>
Current:			
Trade debtors	12,529	18,156	32,227
Amounts owed by Group undertakings	—	1,674	—
Prepayments and accrued income	110	150	624
	12,639	19,980	32,851
Non-current:			
Trade debtors	—	2,968	1,400
Aggregate amounts	12,639	22,948	34,251

Trade debtors are stated after provisions for impairment of £Nil (2018: £Nil; 2017: £Nil).

82 per cent. of trade debtors at 31.12.2019 were held by third party secured funding (2018: 55 per cent., 2017: 0 per cent.).

6.8 CASH AND CASH EQUIVALENTS

	<i>31.12.17 £'000</i>	<i>31.12.18 £'000</i>	<i>31.12.19 £'000</i>
Current accounts			
	68	97	337
	68	97	337

6.9 TRADE AND OTHER PAYABLES

	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Current:			
Trade payables	-	1	-
Amounts owed to parent company	1,623	-	527
Social security and other taxes	-	-	9
Other creditors	559	5,695	16,507
Accruals and deferred income	46	40	81
Directors' current accounts	246	-	3
	2,474	5,736	17,127
Non-current:			
Other creditors	-	880	-
Aggregate amounts	2,474	6,616	17,127
The following secured debts are included within creditors:			
Other creditors under 1 year	559	5,695	16,391
Other creditors due after more than 1 year	-	880	-
	559	6,575	16,391

Other creditors include block discounting finance due to Aldermore Bank and Shawbrook Bank which is secured against the associated loans issued to customers by the Group.

These balances have not been classified as banking facilities as the discounting facility is available to drawdown against customer loans issued and have to be secured over the property of the customer. Neither Vector Asset Finance Limited nor Vector Business Finance Limited can use these facilities for working capital requirements.

Vector Holdings Limited has provided a guarantee to Aldermore Bank and Shawbrook Bank covering all monies and liabilities due from Vector Asset Finance Limited and Vector Business Finance Limited.

Agam Jain has also provided a personal guarantee to Shawbrook Bank, with a maximum aggregate liability of £100,000 due from Vector Business Finance Limited to Shawbrook Bank.

6.10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:	Nominal value:	31.12.17 £'000	31.12.18 £'000	31.12.19 £'000
Number:	Class:			
17,000,000	<u>Ordinary</u>	<u>£0.01</u>	<u>170</u>	<u>170</u>

On incorporation of the Company on 6 August 2019, 1 Ordinary share of £0.01 was issued at par.

On 29 August 2019 16,999,999 Ordinary shares of £0.01 were issued at £1 per share resulting in the creation of a Merger relief reserve of £16.83 million which has been included with the group reorganisation reserve.

6.11 RESERVES

	<i>Retained earnings £'000</i>	<i>reorganisation reserve £'000</i>	<i>Group Totals £'000</i>
At 1 January 2017	–	–	–
Profit for the year	188	–	188
Group reorganisation adjustment	–	9,830	9,830
<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2018	188	9,830	10,018
Profit for the year	1,005	–	1,005
Group reorganisation adjustment	–	5,000	5,000
<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,193	14,830	16,023
Profit for the year	1,593	–	1,593
Bonus issue	(2,000)	2,000	–
Dividends	(699)	–	(699)
<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	87	16,830	16,917
<hr/>	<hr/>	<hr/>	<hr/>

6.12 RELATED PARTY DISCLOSURES

Related party transactions during the period under review were as follows:

Vector Holdings Ltd – parent company

At 31 December 2019 the Group owed £527,000 to Vector Holdings Limited (2018: owed £1.67 million, 2017: owed £1.63 million)

Dividends totalling £699,000 were paid to Vector Holdings Limited (2018: £Nil, 2017: £Nil)

Vector Holdings Limited has provided a guarantee to Aldermore Bank and Shawbrook Bank covering all monies and liabilities due from Vector Asset Finance Limited and Vector Business Finance Limited.

Vector Holdings Limited transferred loans worth £10.4 million during the year ended 31 December 2017, £1.3 million during the year ended 31 December 2018 and £1.63 million during the year ended 31 December 2019.

During the year ended 31 December 2017, Vector Holdings Limited recharged Vector Business Finance Limited £6,000 in relation to wages, £3,600 for consultancy fees and £2,500 for professional fees incurred on its behalf.

Agam Jain - director

At 31 December 2019 the Group owed Agam Jain £3,000 for expenses not reimbursed (2018: £1,000, 2017: £Nil).

Agam Jain has provided a personal guarantee to Shawbrook Bank, with a maximum aggregate liability of £100,000 due from Vector Business Finance Limited to Shawbrook Bank.

Ross Andrews – director

During the year ended 31 December 2019 the Group paid fees of £17,000 to Guild Financial Advisory Limited, a company under the control of Ross Andrews, for professional services provided (2018: £Nil, 2017: £Nil)

Jonathan Pugsley – director

During the year ended 31 December 2019, Allazo Ltd, a company controlled by Jonathan Pugsley, charged accountancy fees of £9,700 to the Group (2018: £4,300, 2017: £2,500).

6.13 ULTIMATE CONTROLLING PARTY

Mr. A Jain, director, is considered the ultimate controlling party by virtue of his beneficial shareholding in Vector Holdings Limited, the ultimate parent company.

6.14 SUBSEQUENT EVENTS

On 1 July 2020, Vector Holdings Limited transferred £1.63 million worth of loans plus accrued interest of £35,000 to Vector Business Finance Limited. This balance has been added to the loan due to Vector Holdings Limited at 1 July 2020.

In the period from 1 January 2020 to 30 September 2020 net loan advances of £410,000 were received from Vector Holdings Limited and the balance owed by the Group on 30 September 2020 was £2.6 million.

On 27 October 2020, a dividend of £400,000 was paid to Vector Holdings Limited.

On 12 November 2020, the Company signed a loan agreement with Vector Holdings Limited for the £3 million owed at that date. The loan is unsecured and bears interest at 5 per cent. payable quarterly.

On 18 December 2020, the Company signed a lease with Vector Holdings Limited to occupy the property at 1st Floor, 13 Sovereign Park, Coronation Road, London, NW10 7QP. The rent is £25,000 per annum. The lease will expire on 31 December 2023 and is terminable by the Company on six months' notice.

On 18 December 2020, the Company signed a licence agreement with Vector Holdings Limited for the use of the Loan Agreement Management Software. The Company will pay a fee of £10,000 each year for the use of the software. This licence will be in perpetuity and irrevocable.

In August and September 2020, the Company and subsidiaries signed service agreements with Allazo Ltd, a company in which the Company's Finance Director, Jon Pugsley, is a controlling shareholder, for provision of accountancy, payroll and tax compliance services.

On 14 December 2020, the 17,000,000 ordinary shares of £0.01 were split into 34,000,000 new ordinary shares of £0.005.

On Admission the Company is proposing to raise £3.1 million (approximately £2.6 million net of expenses) by the conditional placing of 8,052,895 Placing Shares pursuant to the Placing.

6.15 NATURE OF THE FINANCIAL INFORMATION

The financial information presented above does not constitute statutory accounts for the period under review within the meaning of section 434 of the Companies Act 2006.

PART IV

UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2020

Set out below are the unaudited results of the Group for the six months ended 30 June 2020, together with the unaudited results for the comparative six-month period ended 30 June 2019.

Unaudited Consolidated Statement of Comprehensive Income

The unaudited consolidated statements of comprehensive income of the Group for the six-month period ended 30 June 2020 and the six-month period ended 30 June 2019 are set out below:

		Six months ended 30 June 2020 £'000	Six months ended 30 June 2019 £'000
	Note	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	4	2,130	1,593
Cost of sales		(132)	(259)
Gross profit		1,998	1,334
Administrative expenses		(214)	(49)
Operating profit		1,784	1,285
Finance costs		(526)	(331)
Profit on ordinary activities before taxation		1,258	954
Income tax expense	5	(239)	(181)
Profit after taxation		1,019	773
Other comprehensive income		—	—
Total comprehensive income attributable to owners of the parent		1,019	773
Pro-forma basic and diluted earnings per share attributable to the Parent company (pence)	9	5.99	4.55

Consolidated Statements of Financial Position

The unaudited consolidated statements of financial position of the Group as at 30 June 2020 and at 31 December 2019 (audited) are set out below:

	Note	30 June 2020 £'000	31 December 2019 £'000
Non-Current assets			
Trade and other receivables	6	—	1,400
		—	1,400
		—	1,400
Current assets			
Trade and other receivables	6	33,327	32,851
Cash and bank balances		1,612	337
		—	—
		34,939	33,188
Total Assets		34,939	34,588
		—	—
Current liabilities			
Trade and other payables	7	16,220	17,127
Income tax payable		613	374
		—	—
		16,833	17,501
Total Liabilities		16,833	17,501
		—	—
Equity			
Share capital	8	170	170
Group reorganisation reserve		16,830	16,830
Retained earnings		1,106	87
		—	—
		18,106	17,087
Total Equity and Liabilities		34,939	34,587
		—	—
Net asset value per share	9	£0.52	£0.50
		—	—

Unaudited Consolidated Statement of Changes in Equity

	Share capital £'000	reorganisation reserve* £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	170	14,830	1,193	16,193
Profit for the six months ended 30 June 2019	—	—	773	773
Balance at 30 June 2019	170	14,830	1,966)	16,966
Bonus issue of shares in subsidiaries	—	2,000	(2,000)	—
Profit for the six months ended 31 December 2019	—	—	820	820
Dividends paid	—	—	(699)	(699)
Balance at 31 December 2019	170	16,830	87	17,087
Profit for the six months ended 30 June 2020	—	—	1,019	1,019
Dividends paid	—	—	—	—
Balance at 30 June 2020	170	16,830	1,106	18,106

* Includes Merger relief reserve

Unaudited Consolidated Statement of Cash Flows

The unaudited consolidated statements of cash flows for the Group for the six-month period ended 30 June 2020 and the six-month period ended 30 June 2019 are set out below:

	<i>Six months ended 30 June 2020 £'000 (Unaudited)</i>	<i>Six months ended 30 June 2019 £'000 (Unaudited)</i>
Cash flow from operating activities		
Profit for the period before taxation	1,258	954
Adjustment for:		
Interest expense	526	331
Operating cash flows before movements in working capital	1,784	1,285
(Increase)/decrease in trade and other receivables	924	(8,868)
Increase/(decrease) in trade and other payables	(2,169)	6,661
Cash generated from/(absorbed in) operating activities	539	(922)
Interest paid	(526)	(331)
Net cash generated for/(absorbed in) operating activities	13	(1,253)
Cash flows (for)/from financing activities		
Increase in inter-company debts	1,265	1,256
Amount repaid to director	(3)	–
Equity dividends paid	–	–
Net cash used in financing activities	1,262	1,256
Net increase in cash & cash equivalents	1,275	3
Cash and equivalent at beginning of period	337	97
Cash and equivalent at end of period	1,612	100

Notes to the Interim Financial Information

1. General information

The unaudited consolidated financial information comprises the financial information of Vector Capital Plc, Vector Asset Finance Ltd and Vector Business Finance Ltd (the “**Group**”).

The principal activities of the entities in the Group are as follows: -

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Principal activities</i>
Vector Capital Plc	England and Wales	Holding company
Vector Business Finance Ltd	England and Wales	Commercial lending
Vector Asset Finance Ltd	England and Wales	Commercial lending

There have been no significant changes in these activities during the relevant financial periods.

2. Presentational currency

The financial information has been presented in sterling (“£”) the Group’s presentational currency. The functional currency of the Group is sterling (“£”), amounts in this financial information are rounded to the nearest thousand pounds.

3. Summary of significant accounting policies

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union (“EU”).

The same accounting policies and methods are used in the Interims as compared with the most recent financial statements for the period ended 31 December 2019, these interim results should be read in conjunction with them.

4. Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Operating Group that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

Based on management information there is one operating segment. Revenues are reviewed based on the services provided.

No customer has accounted for more than 10 per cent. of total revenue during the periods presented.

5. Income Tax expense

The tax charge on profits assessable has been calculated at the rates of tax prevailing, based on existing legislation, interpretation and practices in respect thereof.

6. Trade and other receivables

	30 June 2020 (Unaudited) £'000	31 December 2019 (Audited) £'000
<i>Current</i>		
Trade receivables	32,740	32,227
Prepayments and accrued income	587	624
Total	33,327	32,851
<i>Non-current</i>		
Trade receivables	—	1,400
Total	33,327	34,251

78 per cent. of trade receivables were held by third party secure funding (2019: 82 per cent.).

7. Trade and other payables

	30 June 2020 (Unaudited) £'000	31 December 2019 (Audited) £'000
<i>Current</i>		
Trade payable	9	—
Amounts owed to group undertakings	1,791	527
Other payables	14,366	16,516
Accruals and deferred income	54	81
Amount owing to director	—	3
Total	16,220	17,127

At 30 June 2020 the Group owed £1.79 million (2019: £527,000) to the parent company, Vector Holdings Limited, which had been applied to advance loans to third parties. The loans from Vector Holdings Limited are repayable from the redemption proceeds of the Group's third-party loans.

Other payables includes loan finance of £14.32 million (2019: £16.39 million) which is secured against associated loans assigned by way of block discounting.

8. Called up share capital

	30 June 2020 Nominal value: £'000	31 December 2019 (Unaudited) £'000
<i>Authorised</i>		
17,000,000 Ordinary	£0.01	170

9. Basic and diluted earnings per share

The calculation of earnings per share is based on the following earnings and number of shares.

	30 June 2020 (Unaudited) £'000	31 December 2019 (Audited) £'000
Total comprehensive (income for the period, used in the calculation of total basic and diluted profit per share)	<u>1,019</u>	<u>773</u>
Weighted average number of ordinary shares for the purpose of basic and diluted profit per share	<u>17,000,000</u>	<u>17,000,000</u>
<i>Earnings per share</i>		
Basic and diluted earnings per share (pence)	<u>5.99</u>	<u>4.55</u>

The net asset value per share has been computed using the denominator of the number of shares in issue following the split to 34 million Ordinary Shares of £0.005

10. Significant related party transactions

The Group owed £1.791 million to its parent company, Vector Holdings Ltd as at 30 June 2020 (2019; £527,000).

During the period ended 30 June 2020 the Company paid £Nil in dividends to Vector Holdings Ltd (2019; £Nil).

11. Subsequent events

On 1 July 2020, Vector Holdings Limited transferred loans totalling £1.63 million plus accrued interest of £35,000 to Vector Business Finance Limited.

In the period from 1 July 2020 to 30 September 2020 net loan repayments of £854,000 were made to Vector Holdings Limited and the balance owed by the Group on 30 September 2020 was £2.6 million.

On 27 October 2020, a dividend of £400,000 was paid to Vector Holdings Limited.

On 12 November 2020, the Company signed a loan agreement with Vector Holdings Limited for the £3,000,000 owed at that date. The loan is unsecured and bears interest at 5 per cent, payable quarterly.

On 18 December 2020, the Company signed a lease with Vector Holdings Limited to occupy the property at 1st Floor, 13 Sovereign Park, Coronation Road, London, NW10 7QP. The rent is £25,000 per annum. The lease will expire on 31 December 2023 and is terminable by the Company on six months' notice.

On 18 December 2020, the Company signed a licence agreement with Vector Holdings Limited for the use of the Loan Agreement Management Software. The Company will pay a fee of £10,000 each year for the use of the software. This licence will be in perpetuity and irrevocable.

In August and September 2020, the Company and subsidiaries signed service agreements with Allazo Limited, a company in which the Company's finance director, Jon Pugsley, is a controlling shareholder, for provision of accountancy, payroll and tax compliance services.

On 14 December 2020, the 17,000,000 Ordinary shares of £0.01 were split into 34,000,000 Ordinary Shares of £0.005.

On Admission the Company is proposing to raise £3.1 million (approximately £2.6 million net of expenses) by the conditional placing of 8,052,895 Placing Shares pursuant to the Placing.

12. Nature of the financial information

The financial information presented above does not constitute statutory accounts for the period under review within the meaning of section 434 of the Companies Act 2006.

PART V

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION

Set out below is an unaudited pro forma statement of financial position as at 30 June 2020 of the Group (the “**Pro Forma Financial Information**”). The Pro Forma Financial Information has been prepared on the basis set out in the notes below to illustrate the effect on the financial information of the Group, presented on the basis of the accounting policies that will be adopted by the Group in preparing its next published financial statements, had the Placing, the payment of dividend in note 4 below, and the customer loans transferred by the parent company in note 3 below, each occurred on 30 June 2020. It has been prepared for illustrative purposes only. Because of its nature, the Pro Forma Financial Information addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position.

	<i>The Group</i> 30 June 2020 £'000 Note 1	<i>Reanalysis</i> 30 June 2020 £'000 Note 2	<i>Transfer of loans</i> £'000 Note 3	<i>Dividends</i> £'000 Note 4	<i>Placing net of expenses</i> £'000 Note 5	<i>Total Proforma net assets</i> 30 June 2020 £'000
Current assets						
Trade and other receivables	—	587	—	—	—	587
Advances to customers	33,327	(587)	1,663	—	—	34,403
Cash and cash equivalents	1,612	—	(854)	—	2,600	3,358
Total assets	34,939	—	809	—	2,600	38,348
Current liabilities						
Trade and other payables	16,220	(16,111)	—	—	—	109
Investor loans	—	14,320	—	—	—	14,320
Amounts due to Vector Holdings Ltd	—	1,791	809	400	—	3,000
Tax payable	613	—	—	—	—	613
	16,833	—	809	400	—	18,042
Net assets	18,106	—	—	(400)	2,600	20,306

Notes

- 1 The financial information relating to the Group has been extracted from the financial information set out in Part IV (Interim Financial Information for the 6 months ended 30 June 2020) of this Document.
- 2 Advances due from Customers, Loans from Investors and Amounts due to Vector Holdings Limited have been reanalysed in the statement of financial position.
- 3 Commercial loans held by Vector Holdings Limited of £1.63 million plus accrued interest of £35,000 were transferred on Vector Business Finance Limited on 1 July 2020. Net loan repayments of £854,000 were made to Vector Holdings Limited in the quarter to 30 September 2020.
- 4 A dividend of £400,000 was declared and paid by increasing the loan due to Vector Holdings Limited on 27 October 2020.
- 5 The gross proceeds from the placing are £3.1 million. The cash expenses of the transaction payable by the Group are expected to total £0.5 million.

PART VI

ADDITIONAL INFORMATION

1. Responsibilities

The Directors whose names appear on page 7 of this Document and the Company accept responsibility, both individually and collectively, for the information contained in this Document and the Company's compliance with the AIM Rules for Companies. To the best of the knowledge of the Directors and the Company (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and this Document does not omit anything likely to affect the import of such information.

2. The Company

The Company was incorporated and registered in England and Wales as a public company limited by shares on 6 August 2019 under the Companies Act 2006 with the name 'Vector Business Finance plc' and with a registered number 12140968. On 6 September 2019, the Company changed its name to 'Vector Capital plc'. The Company is domiciled in the UK and its current registered office is 13 Sovereign Park, Coronation Road, London NW10 7QP. The Company's legal entity identifier (LEI) is 213800831D6LU4SWQX59, its website address is www.vectorcapital.co.uk and its telephone number is 020 8191 7615. The Company's website discloses the information required by Rule 26 of the AIM Rules for Companies.

The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Act and the regulations made thereunder. The Company operates in conformity with its constitution. From Admission the Company will be subject to the AIM Rules for Companies and prescribed elements of the Disclosure Guidance and Transparency Rules.

3. Share capital

The Company has a single class of shares, namely Ordinary Shares. As of the date of this Document, the Company had authorised and issued 34,000,000 Ordinary Shares, each with a par value of £0.005 and fully paid.

The history of the Company's share capital is as follows:

- On incorporation, one ordinary share of £0.01 was issued to Vector Holdings at a premium of £0.99 (such that the total amount payable on the share was £1).
- On 29 August 2019, 16,999,999 ordinary shares of £0.01 each were issued to Vector Holdings at £1 per share in return for the transfer to the Company by Vector Holdings of the entire issued share capital of VBFL and VAFL.
- On 14 December 2020, the 17,000,000 ordinary shares of £0.01 each were sub-divided into 34,000,000 Ordinary Shares.

Upon Admission the issued share capital of the Company will be as follows:

	<i>Issued (fully paid) Number</i>	<i>Nominal value per share</i>
Ordinary Shares	42,052,895	£0.005

The Existing Ordinary Shares and New Ordinary Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all other respects with other Ordinary Shares in issue on Admission. The Ordinary Shares are duly authorised and all statutory consents and other consents in respect of the issue of the Ordinary Shares have been granted.

Except as stated in this paragraph 3:

- a. the Company does not have in issue any securities not representing share capital;
- b. there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- c. neither the Company nor any of its Subsidiaries holds any shares in the Company;
- d. no person has any preferential subscription rights for any share capital of the Company; and
- e. no share or loan capital of the Company is currently under option or agreed conditionally or unconditionally to be put under option.

Pursuant to resolutions passed on 29 August 2019, the Company resolved that:

- a. the Directors be generally and unconditionally authorised to allot up to £249,999.99 of shares in the capital of the Company, provided that such authority shall, unless reviewed, varied or revoked by the Company expire on the date falling five years from the date of the relevant resolution, save that the Company may, before such expiry make an offer or agreement which would or might require shares to be allotted and the Directors may allot share in pursuance of such offer or agreement notwithstanding that the authority in the resolution has expired; and
- b. in accordance with s.570 of the Act, the Directors be generally empowered to allot equity securities (as defined in s.560 of the Act) pursuant to the authority conferred by the first resolution as if s.561(1) of the Act did not apply to any such allotment, provided that such power (i) be limited to the allotment of equity securities up to an aggregate nominal value of £249,999.99; and (ii) expire on the date falling five years from the date of the relevant resolution (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require shares to be allotted and the Directors may allot share in pursuance of such offer or agreement notwithstanding that the authority in the resolution has expired. 16,999,999 of the shares in the Company referred to above were allotted and issued to Vector Holdings on 29 August 2019.

The Ordinary Shares will 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.

4. Significant Shareholders

As at the date of this Document (and so far as the Directors are aware, the only persons who are or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company prior to and immediately following Admission are as follows:

Shareholder	As at the date of this Document		Following Admission	
	Number of Ordinary Shares	Percentage of total issued share capital	Number of Ordinary Shares	Percentage of total issued share capital
Vector Holdings*	34,000,000	100.00	34,000,000	80.85
Killik & Co LLP	-	-	1,710,526	4.07

*Vector Holdings is controlled by Agam Jain and his immediate family, as detailed further in paragraph 5 of this Part VI.

Except for the holdings of Vector Holdings, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

Any person who is directly or indirectly interested in 3 per cent. or more of the Company's issued share capital is required to notify such interest to the Company in accordance with the provisions of chapter 5 of the Disclosure Guidance and Transparency Rules and any such interest will be notified by the Company to the public.

Those interested, directly or indirect in 3 per cent. or more of the issued share capital of the Company do not now, and, following the Admission, will not, have different Voting Rights from other holders of Ordinary Shares.

5. Directors' and Others' Interests

Agam Jain, who is the Company's Chief Executive Officer will, together with members of his immediate family, own or otherwise control, 80.85 per cent. of the Company's share capital immediately following Admission, via Agam Jain's family's interest in Vector Holdings. All the Voting Rights of Vector Holdings are owned by members of the Jain family and Agam Jain is the Person with Significant Control (as defined by the Act) of Vector Holdings, with Voting Rights in excess of 50 per cent. but less than 75 per cent. The interests of each Director and senior manager, together with those connected with the Directors or senior managers (within the meaning of section 252 of the Act) all of which are beneficial, in the share capital of the Company are accordingly as follows:

Shareholder	As at the date of this Document		Following Admission	
	Number of Ordinary Shares	Percentage of total issued share capital	Number of Ordinary Shares	Percentage of total issued share capital
Agam Jain*	22,055,838 [†]	64.87	22,055,838 [†]	52.45
Arti Jain**	6,778,806 [†]	19.94	6,778,806 [†]	16.12
Pooja Jain**	5,165,296 [†]	15.19	5,165,296 [†]	12.28

* Agam Jain is a director of the issuer Vector Capital plc

** Arti Jain and Pooja Jain are members of Agam Jain's immediate family

† Shares owned or controlled indirectly through an intermediate entity Vector Holdings

Except for the Jain family's interest in shares in Vector Holdings disclosed in this Document, none of the Directors or any person connected with them is interested in any related financial product as defined in the AIM Rules for Companies referenced to the Ordinary Shares (being any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of AIM securities or securities being admitted, including a contract for difference or a fixed odds bet).

In addition, the Director identified below will, on Admission or immediately thereafter, be directly or indirectly interested Vector's issued share capital:

Shareholder	As at the date of this Document		Following Admission	
	Number of Ordinary Shares	Percentage of total issued share capital	Number of Ordinary Shares	Percentage of total issued share capital
Robin Stevens	–	–	–	–
Ross Andrews	–	–	263,158	0.63
Jonathan Robert Pugsley	–	–	–	–

6. Options

The Company has no options or warrants outstanding as at the date of this Document and the Directors have no present plans to grant options over any of its share capital.

7. Articles of Association

The following summary, which does not purport to be complete or exhaustive, contains a description of the significant rights attached to the Ordinary Shares as set out in the articles of association adopted by special resolution of the Company dated 4 September 2019 and amended by special resolution of the Company dated 14 December 2020. The Company does not have any restrictions on its objects.

A. Votes of Members

Subject to any rights or restrictions attached to any shares and to any other provisions of the Articles at any general meeting every member who is present in person (or by proxy) shall on a show of hands

have one vote and every member present in person (or by proxy) shall on a poll have one vote for each share of which he or she is the holder.

On a show of hands, a duly appointed proxy has one vote for and one vote against a resolution if the proxy has been appointed by more than one member entitled to vote on the resolution and the proxy has been instructed:

- by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or
- by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his or her discretion as to how to vote.

B. Transfer of Shares

Form and Execution of Transfer subject to other provisions of the Articles:

- each member may transfer all or any of his or her shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. All instruments of transfer, when registered, may be retained by the Company.
- each member may transfer all or any of his or her shares which are in uncertificated form by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules. No provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred.

C. Right to refuse registration of a transfer

The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:

- it is for a share which is fully paid up;
- it is for a share upon which the Company has no lien;
- it is only for one class of share;
- it is in favour of a single transferee or no more than four joint transferees;
- it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if this is required); and
- it is delivered for registration to the Company's registered office (or such other place as the Board may determine), accompanied (except in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued or in the case of a renunciation) by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor (or person renouncing) and the due execution of the transfer or renunciation by him or her or, if the transfer or renunciation is executed by some other person on his or her behalf, the authority of that person to do so.

The Board shall not refuse to register any transfer or renunciation of partly paid shares which are admitted to the Official List on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

D. Dividends

i. Company may declare dividends

- Subject to the Act and the other provisions of the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

- ii. Board may pay interim dividends and fixed dividends
 - Subject to the Act, the Board may declare and pay such interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If the Board acts in good faith, it shall not incur any liability to the holders of shares for any loss that they may suffer by the lawful payment of any interim dividend on any other class of shares ranking with or after those shares.
- iii. Calculation and currency of dividends

Except as provided otherwise by the rights attached to shares, all dividends:

 - shall be declared and paid accordingly to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid;
 - shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly; and
 - may be declared or paid in any currency. The Board may decide the rate of exchange for any currency conversions that may be required and how any costs involved are to be met.
- iv. Dividends not in cash

The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises regarding such distribution, the Board may settle it as it thinks fit. In particular, the Board may:

 - issue fractional certificates (or ignore fractions);
 - fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the values so fixed, in order to adjust the rights of members; and
 - vest any such assets in trustees on trust for the person entitled to the dividend.
- v. No interest on dividends

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company.
- vi. Unclaimed dividends

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will not be liable to pay interest on it. All dividends that remain unclaimed for 12 years after they were first declared or became due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.
- vii. Capitalisation of reserves

The Board may, with the authority of an ordinary resolution of the Company:

 - subject as otherwise provided in the Articles, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available for distribution or standing to the credit of the share premium account or capital redemption reserve or other undistributable reserve.

- appropriate the sum resolved to be capitalised to the members in proportion to the nominal amounts of the shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those members or as they may direct, in those proportions, or partly in one way and partly in the other, provided that:
- the share premium account, the capital redemption reserve, any other undistributable reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up in full shares to be allotted to members credited as fully paid;
- the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly; and
- in a case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company, the amount of the net assets of the Company at that time in not less than the aggregate of the called up share capital of the Company and its undistributable reserves as shown in the latest audited accounts of the Company or such other accounts as may be relevant and would not be reduced below that aggregate by the payment of it;
- The Board may authorise any person to enter on behalf of all the members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such members.

If any difficulty arises concerning any distribution of any capitalised reserve or fund, the Board may, subject to the statutes affecting the Company and, in the case of shares held in uncertificated form, the system's rules, settle it as the Board considers expedient and in particular may issue fractional certificates, authorise any person to sell and transfer any fractions or resolve that the distribution should be made as nearly as practicable in the correct proportion or may ignore fractions altogether, and may determine that cash payments shall be made to any members in order to adjust the rights of all parties as the Board considers expedient.

E. Share capital

i. Rights attached to shares

Subject to the Act and to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution determine, or if no ordinary resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine.

ii. Redeemable Shares

Subject to the Act and to any rights attaching to existing shares, any share may be issued which can be redeemed or is liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of any redeemable shares which are issued. Such terms and conditions shall apply to the relevant shares as if the same were set out in the Articles.

iii. Variation of rights

Subject to the Act, the rights attached to any class of shares can be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued share of that class (excluding any shares of that class held as treasury shares) or with the

authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares known as a class meeting.

All the provisions in the Articles as to general meetings shall apply, with any necessary modifications, to every class meeting except that:

- the quorum at every such meeting shall not be less than two persons holding or representing by proxy at least one-third of the nominal amount paid up on the issued shares of the class (excluding any shares of that class held as treasury shares) unless there is only one member holding issued shares of the class (excluding any shares of that class held as treasury shares) in which case the quorum shall be one such person; and
- if at any adjourned meeting of such holders such quorum as set out above is not present, at least one person holding shares of the class who is present in person or by proxy shall be a quorum.

F. Forfeiture of shares

i. Notice if call or instalment not paid

If any member fails to pay the whole of any call (or any instalment of any call) by the date when payment is due, the Board may at any time give notice in writing to such member (or to any person entitled to the shares by transmission), requiring payment of the amount unpaid (and any accrued interest and any expenses incurred by the Company by reason of such non-payment) by a date not less than 14 clear days from the date of the notice. The notice shall name the place where the payment is to be made and state that, if the notice is not complied with, the shares in respect of which such call was made will be liable to be forfeited.

ii. Forfeiture for non-compliance

If the notice referred to above is not complied with, any share for which it was given may be forfeited, by resolution of the Board to that effect, at any time before the payment required by the notice has been made. Such forfeiture shall include all dividends declared or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

iii. Notice after forfeiture

When any share has been forfeited, notice of the forfeiture shall be served on the holder of the share or the person entitled to such share by transmission (as the case may be) before forfeiture. An entry of such notice having been given and of the forfeiture and the date of forfeiture shall immediately be made in the Register in respect of such share. However, no forfeiture shall be invalidated by any omission to give such notice or to make such entry in the Register.

iv. Sale of forfeited shares

A forfeited share shall become the property of the Company and, subject to the Act, any such share may be sold, re-allotted or otherwise disposed of, on such terms and in such manner as the Board thinks fit. The Board may, for the purposes of the disposal, authorise some person to transfer the share in question and may enter the name of the transferee in respect of the transferred share in the register even if no share certificate is lodged and may issue a new certificate to the transferee. An Instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the share. The Company may receive the consideration (if any) given for the share on its disposal.

v. Effect of forfeiture

A shareholder whose shares have been forfeited shall cease to be a member in respect of such forfeited shares and shall surrender the certificate for such shares to the Company for cancellation. Such shareholder shall remain liable to pay to the Company all sums which at the date of forfeiture were presently payable by him or her to the Company in respect of such shares

with interest (not exceeding the Bank of England base rate by five percentage points) from the date of the forfeiture to the date of payment. The Directors may waive payment of interest wholly or in part and may enforce payment, without any reduction or allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

vi. Evidence of forfeiture

A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share. The declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share. The person to whom the share is transferred or sold shall not be bound to see to the application of the purchase money or other consideration (if any), nor shall his or her title to the share be affected by any act, omission or irregularity relating to or connected with the proceedings in reference to the forfeiture or disposal of the share.

G. *Directors*

i. Number of Directors

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (disregarding alternate directors) shall be at least two but shall not be subject to any maximum number.

ii. Directors' fees

Each of the Directors may be paid a fee at such rate as may from time to time be determined by the Board. However, the aggregate of all fees payable to the Directors (other than amounts payable under any other provision of the Articles) must not exceed £250,000 a year or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any fees payable under this Article shall be distinct from any salary, remuneration or other amounts payable to a Director under any other provisions of the Articles and shall accrue from day to day.

iii. Expenses

Each Director may be paid reasonable travelling, hotel and other expenses properly incurred by him or her in or about the performance of their duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company. Subject to the Act, the Directors shall have the power to make arrangements to provide a Director with funds to meet expenditure incurred or to be incurred by him or her for the purposes of the Company or for the purpose of enabling him or her to perform his or her duties as an officer of the Company or to enable him or her to avoid incurring any such expenditure.

iv. Additional remuneration

If by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

v. Remuneration of Executive Directors

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the Articles may be either a fixed sum of money, or may altogether or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or instead of any fee payable to him or her for serving as Director under the Articles.

vi. Directors' pensions and other benefits

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director or employee of:

- the Company;
- any company which is or was a holding company or a subsidiary undertaking of the Company;
- any company which is or was allied to or associated with the Company or a subsidiary undertaking or holding company of the Company; or
- a predecessor in business of the Company or of any holding company or subsidiary undertaking of the Company.
- and, in each case, for any member of his or her family (including a spouse or former spouse) and any person who is or was dependent on him or her.

The Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the Act, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the matters referred to above. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his or her own benefit any pension or other benefit provided under the relevant Article and shall not have to account for it to the Company. The receipt of any such benefit will not disqualify any person from being or becoming a Director of the Company.

H. Appointment, retirement and removal of Directors

i. Power of the Company to appoint directors

Subject to the Articles and the Act, the Company may by ordinary resolution appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles.

Power of the Board to appoint Directors

Subject to the Articles, the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles.

ii. Retirement of Directors

At each annual general meeting of the Company any Director then in office:

- Who has been appointed by the Board since the previous annual general meeting in accordance the power of the Board to appoint directors; or
- For whom it is the third annual general meeting following the annual general meeting at which he or she was elected or last re-elected;
- shall retire from office but shall be eligible for re-appointment.

iii. Deemed re-appointment of Directors

A Director who retires at an annual general meeting shall (unless he or he is removed from office or his or her office is vacated in accordance with the Articles) retain office until the close of the meeting at which he or she retires or (if earlier) when a resolution is passed at that meeting not

to fill the vacancy or to elect another person in his or her place or the resolution to re-appoint him or her is put to the meeting and lost.

If the Company, at any meeting at which a Director retires in accordance with the Articles does not fill the office vacated by such Director, the retiring Director, if willing to act, shall be deemed to be re-appointed unless at that meeting a resolution is passed not to fill the vacancy or elect another person in his or her place or unless the resolution to re-appoint him or her is put to the meeting and lost.

iv. Company's power to remove a Director

In addition to any power of removal conferred by the Act, the Company may by special resolution, or by ordinary resolution of which special notice has been given in accordance with section 312 of the Act, remove a director before the expiry of his or her period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may (subject to the Articles) by ordinary resolution appoint another person who is willing to act to be a director in his or her place.

v. Vacation of office by Directors

Without prejudice to the provisions for retirement (by rotation or otherwise) contained in the Articles, the office of a Director shall be vacated if:

- the director resigns by notice in writing delivered to the Secretary at the Company's registered office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting;
- the director offers to resign by notice in writing delivered to the Secretary at the Company's registered office or at an address specified by the Company for the purposes of communication by electronic means or tendered at a Board meeting and the Board resolves to accept such offer;
- the Director is requested to resign by all of the other Directors by notice in writing addressed to him or her at his or her address as shown in the register of Directors (without prejudice to any claim for damages which the Director may have for breach of any contract between him or her and the Company);
- the Director ceases to be a Director by virtue of any provision of the Act, is removed from office pursuant to the Articles or the Act or becomes prohibited by law from being a Director;
- the Director becomes bankrupt or makes an arrangement or composition with his or her creditors generally;
- a registered medical practitioner who is treating the Director gives a written opinion to the Company stating he or she has become physically or mentally incapable of acting as a director and may remain so for more than three months, or is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated; or
- the Director is absent (whether or not any alternate Director appointed by the Director attends), without the permission of the Board, from Board meetings for six consecutive months and a notice is served on the Director personally, or at his or her residential address provided to the Company under section 165 of the Act signed by all the other Directors stating that he or she shall cease to be a Director with immediate effect (and such notice may consist of several copies each signed by one or more Directors).

I. *Borrowing Powers*

Subject to the Articles and the Act, the Board may exercise all the powers of the Company to:

- borrow money; indemnify and guarantee; mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company;

- create and issue debentures and other securities; and give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards the subsidiary undertakings, so far as by such exercise they can secure) that the aggregate of the amounts borrowed by the Group and remaining outstanding at any time (excluding intra-Group borrowings) shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to five times the Adjusted Capital and Reserves.
- **"Adjusted Capital and Reserves"** means a sum equal to the aggregate, as shown by the relevant balance sheet, of the amount paid up or credited or deemed to be paid up on the issued or allotted share capital of the Company and the amount standing to the credit of the reserves (including, without limitation, the profit and loss account and any share premium account or capital redemption reserve) of the Company and its subsidiary undertakings included in the consolidation in the relevant balance sheet but after:
 - i. making such adjustment as may be appropriate to reflect the profit or loss of the Company since the relevant balance sheet;
 - ii. excluding any amount set aside for taxation (Including any deferred taxation) or any amounts attributable to outside shareholders in subsidiary undertakings of the Company;
 - iii. making such adjustments as may be appropriate in respect of any variation in the amount of such paid up share capital and or any reserves (other than the profit and loss account) after the date of the relevant balance sheet. For this purpose, if any issue or proposed issue of shares by the Company for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription monies paid for them (other than money to be paid more than six months after the allotment date) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional);
 - iv. making such adjustments as may be appropriate in respect of any distribution declared, recommended, made or paid by the Company or its subsidiary undertakings (to the extent not attributable directly or indirectly to the Company) out of profits earned up to and including the date of the relevant balance sheet to the extent such distribution is not provided for in such balance sheet;
 - v. making such adjustments as may be appropriate in respect of any variation in the interests of the Company in its subsidiary undertakings (including a variation where an undertaking ceases to be a subsidiary undertaking) since the date of the relevant balance sheet; and
 - vi. making such adjustments as the auditors of the Company may consider appropriate.

J. *Shareholder meetings*

An annual general meeting shall be held once a year, at such time (consistent with the terms of the Act) and place, including partly (but not wholly) by means of electronic facility or facilities, as may be determined by the Board.

The Board may, whenever it thinks fit, and shall on requisition in accordance with the Act, proceed to convene a general meeting.

A general meeting shall be called by at least such minimum notice as is required or permitted by the Act. The period of notice shall in either case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given to all members other than those who are not entitled to receive such notices from the Company. The Company may give such notice by any means or combination of means permitted by the Act.

No business shall be transacted at any general meeting unless a quorum is present. If a quorum is not present a chair of the meeting can still be chosen and this will not be treated as part of the business of the meeting. Two members present in person or by proxy and entitled to attend and to vote on the business to be transacted shall be a quorum. In the event that the Company only has one member who is entitled to attend and to vote on business to be transacted, the quorum shall be one.

K. Record dates

- i. Notwithstanding any other provision of the Articles but without prejudice to the rights attached to any shares and subject always to the Act, the Company or the Board may by resolution specify any date (record date) as the date at the close of business (or such other time as the Board may determine) on which persons registered as the holders of shares or other securities shall be entitled to receipt of any dividend, distribution, interest, allotment, issue, notice, information, document or circular. Such record date may be before, on or after the date on which the dividend, distribution, interest, allotment, issue, notice, information, document or circular is declared, made, paid, given, or served.
- ii. In the absence of a record date being fixed, entitlement to any dividend, distribution, interest, allotment, issue, notice, information, document or circular shall be determined by reference to the date on which the dividend is declared, the distribution allotment or issue is made or the notice, information, document or circular made, given or served.

8. Working capital

The Directors, having made due and careful enquiry, are of the opinion that the working capital available to the Group will be sufficient for its present requirements, that is, for at least the next twelve months from the date of Admission.

9. Taxation

The following section is a summary guide only to certain aspects of tax in the UK. This is not a complete analysis of all the potential tax effects of acquiring, holding and disposing of Ordinary Shares in the Company, nor will it relate to the specific tax position of all Shareholders in all jurisdictions. This summary is not a legal opinion. Shareholders are advised to consult their own tax advisers.

It is intended as a general guide only to the United Kingdom tax position of Shareholders who are the beneficial owners of Ordinary Shares in the Company who are United Kingdom tax resident and, in the case of individuals, domiciled in the United Kingdom for tax purposes and who hold their shares as investments (otherwise than under an individual savings account (ISA)) only and not as securities to be realised in the course of a trade. It relates only to certain limited aspects of UK tax consequences of holding and disposing of Ordinary Shares in the Company. It is based on current UK tax law and the current practice of HMRC, both of which are subject to change, possibly with retrospective effect.

Any person who is in any doubt as to his or her tax position, or who is resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult his or her tax advisers immediately.

Taxation of dividends

United Kingdom resident individuals

Dividend income is subject to income tax as the top slice of the individual's income. Each individual will have an annual Dividend Allowance of £2,000, which means that they will not have to pay tax on the first £2,000 of all dividend income they receive.

Dividends in excess of the Dividend Allowance will be taxed at the individual's marginal rate of tax, with dividends falling within the basic rate band taxable at 7.5 per cent. (the "**dividend ordinary rate**"), those within the higher rate band taxable at 32.5 per cent. (the "**dividend upper rate**") and those within the additional rate band taxable at 38.1 per cent. (the "**dividend additional rate**").

United Kingdom discretionary trustees

The annual Dividend Allowance available to individuals will not be available to United Kingdom resident trustees of a discretionary trust. United Kingdom resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 38.1 per cent., which mirrors the dividend additional rate.

United Kingdom resident companies

Shareholders that are bodies corporate resident in the United Kingdom for tax purposes, may (subject to anti-avoidance rules) be able to rely on Part 9A of the Corporation Tax Act 2009 to exempt dividends paid by the Company from being chargeable to United Kingdom corporation tax. Such Shareholders should seek independent advice with respect to their tax position.

United Kingdom pension funds and charities are generally exempt from tax on dividends that they receive.

Non-United Kingdom residents

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income. Non-United Kingdom resident Shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident Shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

Withholding tax

Under current United Kingdom tax legislation, no tax is withheld from dividends or redemption proceeds paid by the Company to Shareholders.

Taxation of chargeable gains

The following paragraphs summarise the tax position in respect to a disposal of Ordinary Shares by a Shareholder resident for tax purposes in the United Kingdom.

A disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for United Kingdom tax purposes or who is not so resident but carries on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

For individual Shareholders who are United Kingdom tax resident or only temporarily non-United Kingdom tax resident, capital gains tax at the rate of 10 per cent. for basic rate taxpayers or 20 per cent. for higher or additional rate taxpayers may be payable on any gain (after any available exemptions, reliefs or losses). For Shareholders that are bodies corporate any gain may be within the charge to corporation tax. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance) depending on their circumstances.

For trustee Shareholders of a discretionary trust who are United Kingdom tax resident, capital gains tax at the rate of tax of 20 per cent. may be payable on any gain (after any available exemptions, reliefs or losses).

Non-United Kingdom resident Shareholders will not normally be liable to United Kingdom taxation on gains unless the Shareholder is trading in the United Kingdom through a branch, agency or permanent establishment and the Ordinary Shares are used or held for the purposes of the branch, agency or permanent establishment.

Inheritance tax

Individuals and trustees are subject to inheritance tax in relation to a shareholding in the Company subject to any inheritance tax reliefs that may be available. In particular the Ordinary Shares may qualify for Business Property Relief ("BPR") offering inheritance tax exemption subject to the detailed conditions for the relief. These include the requirements that the Company is the parent of a trading group and the Ordinary Shares are held for at least two years. The Ordinary Shares must also be unquoted and for these

purposes shares traded on AIM are regarded as unquoted. The Directors can give no assurance that the Company will continue to be managed to preserve BPR.

Stamp duty and stamp duty reserve tax

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depository arrangements or clearance services, who may be liable at a higher rate.

In relation to stamp duty and SDRT:

- (i) The allocation and issue of the New Ordinary Shares will not give rise to a liability to stamp duty or SDRT;

On the basis that the Ordinary Shares are admitted to trading on AIM but not listed on that or any other market subsequent dealings in Ordinary Shares should not be subject to Stamp Duty or SDLT. Otherwise any subsequent conveyance or transfer on sale of shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the transaction exceeds £1,000.

This summary of UK taxation issues can only provide a general overview of these areas and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain UK tax issues is based on the laws and regulations in force as of the date of this Document and may be subject to any changes in UK law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his tax position or where he is resident, or otherwise subject to taxation, in a jurisdiction other than the UK, should consult his professional adviser.

10. Additional information on the Directors

In addition to their directorships with the Company and the members of its Group, the Directors are, or have been, members of the directors or partners of the following companies or partnerships, at any time in the five years prior to the date of this Document.

Agam Jain

Current directorships and partnerships

Servewatch Limited
Tangoride Limited
Vector Asset Finance Limited
Vector Business Finance Limited
Vector Finsoft Limited
Vector Holdings Limited
Vector Newco Limited

Past directorships and partnerships

Jayex Healthcare Limited
Jayex Technology Limited
Vector London Limited

Jonathan Pugsley

Current directorships and partnerships

Allazo Ltd
Allazo Accounting Ltd
Allazo Investments Ltd
Claridge Court Management Limited
The Cedars (Tring) Management Company Ltd
Vector Asset Finance Limited
Vector Business Finance Limited

Past directorships and partnerships

Vector Holdings Limited
Concordium Tech Ltd

Robin Stevens

Current directorships and partnerships
B Iconic Limited
B Iconic Group Limited (in liquidation)
Macxchange Limited
Robin Stevens Consulting Limited

Past directorships and partnerships
Crowe UK LLP
MRI Moores Rowland LLP (Dissolved)
Zokora (No.2) Limited (Dissolved)

Ross Martin Hilton Andrews

Current directorships and partnerships
Golden Global Rock plc
Guild Financial Advisory Limited
Innovaderma plc
Deepverge plc
Montague Services Limited
Orient Telecoms plc
RMA Consultancy Limited
Samuel Heath and Sons plc

Past directorships and partnerships
Kazai Capital Limited
Minerva IHT Growth Holding Limited
Minerva IHT Growth Lending Limited
Minerva IHT Income Holding Limited
Minerva IHT Income Lending Limited
Minerva Lending plc
Paxton Holdings Limited (Dissolved)

Robin Stevens was a director of MRI Moores Rowland LLP and Zokora (No.2) Limited when each of those entities commenced a creditors voluntary liquidation. In both cases the creditors of the liquidated entity were not paid in full.

In the case of MRI Moores Rowland LLP, its business was sold to Mazars LLP some years prior to the commencement of the liquidation. At the time of the sale in 2007, the proceeds were sufficient to allow a distribution to the members of the LLP and LLP to discharge all of its obligations to its creditors. However, certain potential claims arose in respect of advice provided to clients prior to the sale. This gave rise to a contingent claim in the liquidation in respect of the excess on the LLP's professional indemnity insurance being £200,000. In addition, the liquidator received one claim of £16,000 (compared to unsecured creditors of £87,809 in addition to the contingent claim shown in the company's statement of affairs). These claims were not agreed as there was little likelihood of sufficient funds being available to pay a dividend to the unsecured creditors. No dividend was paid in respect of these claims, and the liquidator had insufficient assets to cover its costs and expenses in full.

In the case of Zokora (No. 2) Limited, this company was a wholly owned subsidiary of MRI Moores Rowland LLP. The liquidator received one claim of £2,247 (compared to one unsecured creditor of £2,246 shown in the company's statement of affairs) and there was a contingent claim of £250,000. This related to a pre-action claim letter dated November 2009 in respect of certain potential claims being considered against the company by a number of individuals. The contingent claim reflected the excess on the company's insurance policy and was not agreed as there was little likelihood of sufficient funds being available to pay a dividend to the unsecured creditors. No dividend was paid in respect of these claims, and the liquidator had insufficient assets to cover its costs and expenses in full.

Robin Stevens is currently a non-executive director of B. Iconic Group Limited (incorporated in the Republic of Ireland with company number 657047), which appointed liquidators on 7 December 2020. At the time of appointment of the liquidators, the company had a deficit to creditors totalling €1.48 million.

Save as disclosed above in this paragraph 10 in relation to Robin Stevens, as at the date of this Document none of the Directors:

- has any unspent convictions in relation to indictable offences;
- has ever had any bankruptcy order made against him or entered into any individual voluntary arrangement with his creditors;
- receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or compositions or arrangements with creditors generally or any class of them, where he was a director at the time or within 12 months preceding the same;
- has ever been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or been the subject to a company voluntary arrangement or composition or arrangement with creditors generally or any class of them,

- whilst he was a director of that company or within 12 months after his ceasing to be a director of that company;
- ever been a partner in any partnership which has been placed in compulsory liquidation or administration or been the subject of a partnership voluntary arrangement while he was a partner or within 12 months after his ceasing to be a partner;
- owned, or been a partner in a partnership which owned, any asset which, while he owned that asset, or while he was a partner or within 12 months after his ceasing to be a partner, entered into receivership;
- received any official public incrimination and/or sanction by any statutory or regulatory authority (including recognised professional bodies); or
- has any conflict of interest in performing his duties as director of the Company.

11. Shareholder Loans

As of the date of this Document, Vector Holdings is owed the sum of £3 million by the Company pursuant to the terms of the inter-company debt terms agreement referred to in paragraph 19 in this Part VI.

There are no other outstanding loans from Vector Holdings to Vector Capital plc or either of the Subsidiaries, or from Vector Capital plc or either of the Subsidiaries to Vector Holdings.

12. Terms of employment and engagement for Directors

Under a Service Agreement dated 1 September 2019, between (1) the Company and (2) Agam Jain, as varied on 14 December 2020, Agam Jain has been appointed as Chief Executive Officer of the Company for a minimum term expiring on 30 November 2021, followed by an indefinite term subject to termination with 6 months' notice. The Company will pay to Agam Jain a salary at the rate of £100,000 per annum, and shall reimburse (or procure the reimbursement of) all reasonable expenses incurred by him within the scope of his services.

Under a Service Agreement dated 1 September 2019, between (1) the Company and (2) Jonathan Pugsley, as varied on 14 December 2020, Mr Pugsley has been appointed as Finance Director of the Company for an indefinite term subject to 3 months' notice. Mr Pugsley shall be required to contribute as much of his time to the Company as may reasonably be required for the proper performance of his duties to the Company, with a minimum commitment of the equivalent of one working day per week. The Company will pay to Mr Pugsley a salary at the rate of £20,000 per annum.

Under a Letter of Appointment dated 27 February 2020, between (1) the Company and (2) Robin Stevens, as varied on 14 December 2020, Mr Stevens has been appointed as Non-Executive Chairman of the Company for a minimum term expiring on 30 November 2021 and thereafter subject to 6 months' notice to expire at the end of the initial fixed period or at any time thereafter. Mr Stevens is required to devote such time as is necessary for the proper performance of his duties to the Company. The Company will pay to Mr Stevens a fee at the rate of £22,500 per annum.

Under a Letter of Appointment dated 16 December 2019, between (1) the Company and (2) Ross Andrews, as varied on 14 December 2020, Mr Andrews has been appointed as Non-Executive Director of the Company for a minimum term expiring on 30 November 2021 and thereafter subject to 6 months' notice to expire at the end of the initial fixed period or at any time thereafter. Mr Andrews is required to devote such time as is necessary for the proper performance of his duties to the Company. The Company will pay to Mr Andrews a fee at the rate of £25,000 per annum.

13. Pension Arrangements

The Company has entered into a Group Personal Pension arrangement with NEST, under which the relevant employer will contribute 3 per cent. of earnings and the employee 5 per cent. of earnings for a total contribution of 8 per cent. of earnings into the relevant employee's pension.

14. Employees

As at 31 December 2019 the Company had, and at the date of this Document, the Company has two employee-directors, and four non-director employees. As of the date of this Document, there are no plans to appoint additional employees in 2020.

15. Property

Tenure – Freehold. As of the date of this Document, the Company does not own any freehold properties.

Tenure – Leasehold. As of the date of this Document, the Company leases an office at the following address: 13 Sovereign Park, Coronation Road, London NW10 7QP. The Company's landlord is Vector Holdings, which is expected to own 80.85 per cent. of the Company's share capital on Admission. The Company pays Vector Holdings quarterly rent at a rate of £25,000 per annum, exclusive of VAT but exclusive of light, heat and water at-cost.

16. Subsidiaries

The Company is the corporate parent of two Subsidiaries, namely Vector Asset Finance Limited ("VAFL"), which was incorporated England on 31 January 2018 with Company Number 11179618, and Vector Business Finance Limited ("VBFL"), which was incorporated on 4 December 2015 with Company Number 09903373. The Company owns 100 per cent. of the share capital of each of VAFL and VBFL.

17. Statutory Auditor

Haines Watts (Berkhamsted) Limited, whose address is 4 Claridge Court, Berkhamsted, HP4 2AF, served as Vector's auditors for the period covered by the historical financial information of Vector in this Document except for the historical financial information relating to the 2019 accounting period. Haines Watts (Berkhamsted) Limited resigned their office on 15 October 2019. In doing so they confirmed that there are no circumstances connected with their ceasing to hold office they considered should be brought to the attention of members or creditors.

Jeffreys Henry LLP, whose address is Finsgate, 5-7 Cranwood Street, London EC1V 9EE, served as Vector's auditors for the period covered by the historical financial information relating to the 2019 accounting period.

Haines Watts (Berkhamsted) Limited and Jeffreys Henry LLP are both registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

18. Dilution of Ordinary Share Capital

The Placing and Admission will result in the Existing Ordinary Shares being diluted so as to constitute approximately 80.85 per cent. of the Enlarged Share Capital.

19. Related-Party Transactions

Save as disclosed below, the Company has not entered into any other related party transactions since 1 January 2017:

- i. Vector Holdings assigned to Subsidiaries loans worth £10.4 million in the year ended 31 December 2017, £1.3 million in the year ended 31 December 2018.
- ii. During the financial year ended 31 December 2017, Vector Holdings recharged to VBFL £6,000 in relation to wages, £3,600 for consultancy fees and £2,500 for professional fees incurred on behalf of VBFL.
- iii. On 24 January 2018, Vector Holdings provided a corporate guarantee and indemnity to Shawbrook guaranteeing all monies and liabilities due from VBFL in relation to the Shawbrook Finance Agreement (defined below).
- iv. On 24 January 2018, Agam Jain provided a guarantee and indemnity to Shawbrook guaranteeing all monies and liabilities due from VBFL in relation to the Shawbrook Finance Agreement. The maximum

aggregate liability of Agam Jain under this guarantee and indemnity shall not exceed £100,000.00, together with all costs, expenses, interest and other amounts payable by Agam Jain under this guarantee and indemnity.

- v. On 26 July 2018, Vector Holdings provided a corporate guarantee to Aldermore, guaranteeing all monies and liabilities due from VAFL in relation to the Aldermore Finance Agreement (defined below).
- vi. On 29 August 2019, the Company entered into a share-for-share exchange agreement pursuant to which it acquired the entire issued share capital of VAFL in return for the allotment and issue to Vector Holdings of 5,299,999 ordinary shares in the capital of the Company paid up as to £1 per share. The consideration for the acquisition was therefore £5,299,999. The share capital of VAFL was sold with full title guarantee and free from encumbrances, and Vector Holdings is required to at its own expense promptly execute and deliver such documents, perform such acts and do such things as the Company may require from time to time for the purpose of giving full effect to the relevant agreement (the "**VAFL Agreement**").
- vii. On 29 August 2019, the Company entered into a share-for-share exchange agreement pursuant to which it acquired the entire issued share capital of VBFL in return for the allotment and issue to Vector Holdings of 11,700,000 ordinary shares in the capital of the Company. The consideration for acquisition was therefore £11,700,000. The share capital of VBFL was sold with full title guarantee and free from encumbrances, and Vector Holdings is required to at its own expense promptly execute and deliver such documents, perform such acts and do such things as the Company may require from time to time for the purpose of giving full effect to the relevant agreement (the "**VBFL Agreement**").
- viii. On 29 September 2019, the Company entered into an engagement letter with Guild Financial, a company connected to Ross Andrews, pursuant to which Guild Financial agreed to act as advisor in connection with a proposed listing on the Standard List segment of the London Stock Exchange. A total amount of £17,000 was paid under this agreement which has now been terminated with no further amounts due.
- ix. On 31 December 2019, the Group owed Agam Jain £3,000 for expenses not reimbursed and on 31 December 2019 the Group owed Agam Jain £1,000 for expenses not reimbursed. These sums have since been paid to Agam Jain.
- x. During the period from 1 January 2020 to 30 September 2020 Vector Holdings advanced a net amount of £410,000 to the Company for working capital purposes. The balance owed by the Company to Vector Holdings was £2,600,000 at 30 September 2020. The terms on which that will be repaid is set out in the inter-company debt terms agreement, further details of which are set out in this paragraph 19 of this Part VI.
- xi. On 1 July 2020, Vector Holdings entered into three separate deeds of assignment of loan documents with Vector Business Finance Limited (together the "**Loan Assignments**") pursuant to which Vector Holdings assigned all of its legal and beneficial right, title and interest in the any present or future liability payable or owing by each borrower to Vector Holdings under or in connection with:
 - a. a loan agreement dated 31 December 2015 entered into between (1) Vector Holdings and (2) Armstrong Residential & Commercial Development Limited – this loan was assigned to Vector Business Finance Limited in consideration of the sum of £368,342.47;
 - b. a loan agreement dated 6 May 2016 entered into between (1) Vector Holdings and (2) Golding Street Limited - this loan was assigned to Vector Business Finance Limited in consideration of the sum of £685,037.17; and
 - c. a loan agreement dated 3 May 2017 entered into between (1) Vector Holdings and (2) Michael David Jones – this loan was assigned to Vector Business Finance Limited in consideration of the sum of £609,863.02.
- xii. Fees of £9,700 were paid to Allazo Limited, a company controlled by Jonathan Pugsley in relation to the financial year ended 31 December 2019, and £4,300 in relation to the financial year ended 31 December 2018 and £2,500 in relation to the financial year ended 31 December 2017.
- xiii. On 11 August 2020, the Company entered into an engagement letter with Allazo Limited pursuant to which Allazo Limited agreed to provide the following services (i) compilation of the unaudited statutory financial statements; (ii) taxation; (iii) payroll and (iv) company secretarial. Allazo Limited charge the Company for the work undertaken on a time incurred basis. Allazo Limited has provided an estimate

of costs to the Company stating that it is anticipated that £30 per month will be charged to the Company in respect of payroll services, £3,000 per annum will be charged to the Company in respect of statutory accounts and corporation tax services and £600 per annum will be charged to the Company in respect of company secretarial services. All of the anticipated costs exclude VAT which is payable in addition. Allazo's fees are billed at appropriate intervals during the course of the year (the "**Company Allazo Agreement**").

- xiv. On 14 September 2020, VAFL entered into an engagement letter with Allazo Limited, pursuant to which Allazo Limited agreed to provide the following services (i) compilation of the unaudited statutory financial statements; (ii) taxation; and (iii) company secretarial. Allazo Limited has provided an estimate of costs to VAFL stating that it is anticipated that £2,000 per annum will be charged to VAFL in respect of statutory accounts and corporation tax services and £150 per annum will be charged to VAFL in respect of company secretarial services. All of the anticipated costs exclude VAT which is payable in addition. Allazo's fees are billed at appropriate intervals during the course of the year (the "**VAFL Allazo Agreement**").
- xv. On 16 September 2020, VBFL entered into an engagement letter with Allazo Limited, pursuant to which Allazo Limited agreed to provide the following services (i) compilation of the unaudited statutory financial statements; (ii) taxation; and (iii) company secretarial. Allazo Limited has provided an estimate of costs to VBFL stating that it is anticipated that £2,000 per annum will be charged to VBFL in respect of statutory accounts and corporation tax services and £150 per annum will be charged to VBFL in respect of company secretarial services. All of the anticipated costs exclude VAT which is payable in addition. Allazo's fees are billed at appropriate intervals during the course of the year (the "**VBFL Allazo Agreement**").
- xvi. On 20 October 2020, the Company entered into a deed of assignment with Vector Holdings, pursuant to which Vector Holdings assigned the website www.vectorcapital.co.uk to the Company.
- xvii. On 27 October 2020, the Company declared an interim dividend in respect of the period to 30 June 2020 in the amount of £400,000 by reference to interim accounts made up to 30 June 2020 and paid by way of conversion to debts owed to the shareholders as at the relevant date.
- xviii. On 12 November 2020, the Company entered into a deed poll which unconditionally and irrevocably waived and released (1) Vector Holdings and (2) Vector Newco Limited (Vector Holding's wholly owned subsidiary (together the "**Recipient Shareholders**"). from any and all claims and demands the Company had or may have against the Recipient Shareholders in connection with a dividend of £699,000 declared by the Company on 31 December 2019 with respect to the period ended 31 December 2019 (the "**December Dividend**") which was declared by the Company and paid by way of a credit to the intercompany loan account in contravention of the Act. Further details in relation to the rectification of the December Dividend are set out in paragraph 20 of this Part VI.
- xix. On 12 November 2020, the Company entered into a deed poll pursuant to which it unconditionally and irrevocably waived and released each of Agam Jain, Jonathan Robert Pugsley, Neil Shantilal Dhanani, and Ross Martin Hilton Andrews from any and all liability that any of them had or may have to the Company and all claims and demands the Company had or may have against each of them, including, without limitation, any derivative action from or on behalf of shareholders of the Company, in connection with the making of all or part of the December Dividend.
- xx. On 12 November 2020, the Company entered into a deed of release and assumption with (1) Vector Holdings and (2) VBFL in relation to debts of £1.66 million (the "**Debt**") owed by VBFL to Vector Holdings such sum being the outstanding consideration for the assignment of the benefit of certain loans from Vector Holdings to VBFL pursuant to the Loan Assignments (the "**Deed of Release**"). Pursuant to the Deed of Release, the Company assumes the obligation to repay the Debt (the "**Assumed Debt**") and in consideration of the Company assuming the obligations to repay the Debt, Vector Holdings agrees to discharge and release VBFL from its obligations and liabilities under or in respect of the Debt and VBFL agrees to pay to the Company any sums it receives in respect of the underlying loans.
- xxi. *Inter-company debt terms*

On 12 November 2020, Vector Holdings entered into an inter-company debt terms agreement with the Company, pursuant to which the terms of the Vector Holdings Liability were recorded. These terms include that:

- Interest will be payable on the outstanding balance of the Vector Holdings Liability at a rate of 5 per cent. per annum accruing daily and payable quarterly on the last business day of March, June, September and December;
- the Vector Holdings Liability is repayable on 31 December 2022;
- Vector Holdings may by giving notice in writing to the Company request early repayment of the whole or any part of the Vector Holdings Liability prior to 31 December 2022 and the Company shall give reasonable consideration to any such request;
- The Vector Holdings Liability is unsecured; and
- The Company may voluntarily pre-pay the whole or any part of the Vector Holdings Liability at any time without a pre-payment fee being payable.

Please refer to the summary of the Relationship Agreement in this paragraph 19 of this Part VI for further details of restrictions on Vector Holdings' ability to demand repayment of the Vector Holdings Liability.

- xxii. On 18 December 2020, the Company entered into a lease with Vector Holdings, pursuant to which it leased its premises at 1st Floor, 13 Sovereign Park, Coronation Road, London NW10 7QP from Vector Holdings. The lease is for a term expiring on 31 December 2023, with a break option for the Company on it giving six months' notice and rent is payable quarterly at a rate of £25,000 per annum, exclusive of VAT, and light, heat and water at-cost (the "**Lease**".)
- xxiii. On 18 December 2020, the Company entered into a software licence agreement with Vector Holdings pursuant to which Vector Holdings granted the Company and its subsidiaries a licence to use its software known as Finsoft LAMS, which the Group uses to manage its lending portfolio. The software licence is non-exclusive, royalty free, perpetual (but with rights of termination for breach) and delivered by way of a SaaS (Software as a Service) model with hosting to be undertaking by Vector Holdings. The software licence is subject to a fee of £10,000 +VAT per annum (the "**Software Licence**").
- xxiv. On 18 December 2020, Vector Holdings entered into a Relationship Agreement with the Company and Allenby Capital pursuant to which it undertakes to the Company and Allenby Capital amongst other things:
 - to exercise its voting rights to procure that the Group and the Company's business shall be managed for the benefit of the Shareholders as a whole and independently from Vector Holdings; to ensure that there are at least two independent directors, except where the Company's Nominated Adviser has given its written consent to there being less than two independent directors; and that the certain reserved matters are considered by the Board (or a Board committee) at which at least two independent directors are present or are approved in writing by at least two independent directors (except where there one independent director in which case it will be approved in writing by the sole independent director);
 - that it will not (and will not and shall procure (so far as it is properly able to do so) that none of its associates will influence or seek to influence the running of the Company or any member of the Group at an operational level otherwise than in the proper performance of any duties the relevant person may have to the Company or any member of the Group (whether as a director or otherwise);
 - to provide to Allenby Capital and procure (so far as it is able) from Vector Holdings' associates and connected persons such information in relation to the Vector Holdings and its associated and connected persons as may reasonably be requested to allow compliance with applicable law or regulation;
 - unless otherwise agreed in writing by the Company with the consent of the majority of the independent directors (and subject to certain exceptions including with respect to loans made by it, or borrowings obtained by it, before the date of the Relationship Agreement) in the period of five years following Admission carry on or be employed, engaged or interested in any business in the United Kingdom which would compete with any part of the Company's business, including any developments in the Company's business after the date of the Relationship Agreement; and

- not to demand repayment of the whole or any part of the Vector Holdings Liability without the prior written consent of at least two independent directors, except while an insolvency event is continuing.

20. Dividends

On 31 December 2019, the Board declared an interim dividend of £699,000 (the “**December Dividend**”). While the Board believed at that time from the financial information available to them that the Company had sufficient distributable reserves to pay the December Dividend, it was subsequently identified that the declaration of the December Dividend had been made otherwise than in accordance with the Act (in that the Company had not prepared and filed at Companies House before such declaration initial audited accounts that justified the availability of distributable reserves to cover the December Dividend).

Following the receipt of legal advice, the Board resolved to mitigate the potential consequences of the December Dividend having been made in contravention of the Act by seeking to place all affected parties so far as possible into the position in which they would have been had the December Dividend been lawfully declared and paid. The documents summarised in paragraphs 19 xviii and 19 xix of this Part VI were executed and the Company's shareholders passed a special resolution to authorise the appropriation of distributable profits of the Company as subsequently shown in its annual audited accounts to 31 December 2019 to the payment of the December Dividend by reference to the shareholders as at the date of the December Dividend.

On 27 October 2020, the Board declared an interim dividend in respect of the period to 30 June 2020 in an amount of £400,000.

After adjusting for the sub-division of the existing issued ordinary share capital of the Company into 34,000,000 Ordinary Shares referred to in paragraph 3 of this Part VI, the December Dividend represents a dividend of £0.0205588 per Ordinary Share and the interim dividend in respect of the period to 30 June 2020, declared on 27 October 2020, represents a dividend of £0.0117647 per Ordinary Share.

21. Significant Change

Since 30 June 2020, being the date as at which the most recent unaudited financial information contained in Part IV has been prepared, there has been no significant change in the financial position or performance of the Company, or either of the Subsidiaries, save for the matters noted in paragraphs 19 and 22 of this Part VI.

22. Material Contracts

The following, in addition to those contracts set out in paragraph 19 of this Part VI, are all of the contracts (not being entered into in the ordinary course of Business) that have been entered into by the Group in the period of two years prior to the date of this Document (i) which are, or may be material to the Group; or (ii) contain obligations or entitlements which are, or may be, material to the Group as at the date of this Document:

Finance arrangements

(a) Shawbrook Finance Agreement

On 24 January 2018, VBFL (under its former name Vector Capital Limited) entered into a block discounting master agreement with Shawbrook pursuant to which Shawbrook may, but is not obliged to, purchase receivables from VBFL (the “**Shawbrook Finance Agreement**”). Further terms relating to the discounting of eligible debts under this agreement are set out in a letter between the parties dated 20 October 2020. Pursuant to that letter, VBFL may discount eligible loans with a value of up to £15,000,000. The Shawbrook Finance Agreement is secured by a personal guarantee capped at £100,000 given by Agam Jain, a guarantee granted to Shawbrook by Vector Holdings and an all monies debenture containing fixed and floating charges over the assets of VBFL. Shawbrook’s exposure is not permitted to exceed a sum between £250,000 and £800,000 (depending on the nature of the assets over which security will be granted) in relation to any single customer or group of connected customers.

The facility set out in the Shawbrook Finance Agreement may be withdrawn by Shawbrook at any time. If it does so, VBFL is not entitled to make any further draw-downs under that facility. In addition, if (i) VBFL breaches any of its obligations under any agreement with Shawbrook; (ii) any of the representations and warranties given by VBFL prove to be untrue to Shawbrook or any covenants given by VBFL to Shawbrook are breached; (iii) VBFL becomes insolvent; (iv) there is a change of control of VBFL; (v) circumstances arise which give reasonable grounds in the opinion of Shawbrook for belief that VBFL may not (or may be unable to) perform its obligations under the Shawbrook Finance Agreement; (vi) there is in the opinion of Shawbrook a material adverse change in the business of VBFL or (vii) any director of VBFL is prosecuted for fraud or subject to any criminal proceedings it is a **"Termination Event"**. A Termination Event entitles Shawbrook to (i) elect to terminate the appointment of VBFL as its agent pursuant to the Shawbrook Finance Agreement; (ii) require VBFL to open and maintain a new bank account in which all money received by VBFL in respect of receivables purchased by Shawbrook (and no other money) is paid; (iii) to appoint one or more receivers (which includes receivers and managers and administrative receivers) over all receivables purchased or purported to be purchased by Shawbrook but not validly assigned to it (together with all related security); (iv) require VBFL to re-purchase all or part of the receivables purchased by Shawbrook at such price as Shawbrook may reasonably determine.

(b) *Aldermore Finance Agreement*

On 27 June 2018, VAFL entered into a block discounting master agreement with Aldermore pursuant to which Aldermore may, but is not obliged to, purchase receivables from VAFL (the **"Aldermore Finance Agreement"**). Further terms relating to the discounting of eligible debts under this agreement are set out in a letter between the parties dated 19 August 2020. Pursuant to that letter, VAFL may discount eligible loans with a value of up to £10,000,000. The Aldermore Finance Agreement is secured by (amongst other security) a guarantee granted to Aldermore by Vector Holdings and an all monies debenture containing fixed and floating charges over all the undertaking, property and assets of VAFL.

The facility set out in the Aldermore Finance Agreement may be withdrawn by Aldermore at any time. In addition, the facility will automatically be withdrawn on 31 July 2021 (following which Aldermore may issue a facility letter for a new facility to VAFL). If the facility under the Aldermore Finance Agreement is withdrawn VAFL is not entitled to make any further draw-downs under that facility. If (i) VAFL breaches any of its obligations under any agreement with Aldermore (including but not limited to by virtue of any representation or warranty made by VAFL proving to have been incorrect or misleading when made); (ii) VAFL becomes insolvent, (iii) there is a change of control of VAFL or any other obligor under the agreement; (iv) circumstances arise which give reasonable grounds in the opinion of Aldermore for belief that VAFL may not (or may be unable to) perform its obligations under the Aldermore Finance Agreement; (vi) there is in the opinion of Aldermore a material adverse change in the business of VAFL; (vii) an obligor or any other member of VAFL's group breaches a term of any agreement with Aldermore or any member of its group such that the relevant agreement becomes capable of termination; or (vi) an obligor defaults on any agreement relating to borrowing or any guarantee or if any borrowing or other money payable by any obligor becomes capable of being declared payable prior to its stated maturity date or is not paid when due or if any facility or commitment to available to an obligor is withdrawn or cancelled by reason of default it is a **"Termination Event"**. For these purposes an obligor includes VAFL, any provider of a guarantee to Aldermore in respect of the Aldermore facility or any group company specified in a facility letter made between Aldermore and VAFL. A Termination Event entitles Aldermore to (i) elect to terminate the appointment of VAFL as its agent pursuant to the Aldermore Finance Agreement; (ii) require VAFL to open and maintain a new bank account in which all money received by VAFL in respect of receivables purchased by Aldermore (and no other money) is paid; (iii) to appoint one or more receivers (which includes receivers and managers and administrative receivers) over all receivables purchased or purported to be purchased by Aldermore but not validly assigned to it (together with all related security); (iv) require VAFL to re-purchase all or part of the receivables purchased by Aldermore at such price as Aldermore may reasonably determine; or (v) exercise any or all of its rights, remedies, powers or discretions under the Aldermore Finance Agreement, any facility letter and any other document designated as such by Aldermore from time to time.

Adviser agreements

(a) *Lock-in Agreements*

Pursuant to a lock-in agreement made between Vector Holdings, Allenby Capital and the Company dated 18 December 2020, Vector Holdings, which is expected to own 80.85 per cent. of the issuer's share capital immediately after Admission, has agreed that it shall not, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which it holds in the Company, (a) for a period of 12 months commencing on the date of Admission and (b), thereafter, for an additional period of 12 months without the prior written consent of Allenby Capital.

Pursuant to a lock-in agreement made between Ross Andrews, Allenby Capital and the Company dated 18 December 2020, Ross Andrews, who is expected to own 0.63 per cent. of the issuer's share capital immediately after Admission, has agreed that he shall not, offer, sell, contract to sell, pledge or otherwise dispose of any Ordinary Shares which he holds in the Company, (a) for a period of 12 months commencing on the date of Admission and (b), thereafter, for an additional period of 12 months without the prior written consent of Allenby Capital.

The restrictions on the ability of the Locked-In Shareholders to transfer their Ordinary Shares, are subject to certain usual and customary exceptions for: Court orders, death of a Locked-In Party, acceptance of a general offer (in accordance with the City Code) and disposals pursuant to a compromise or arrangement under Part 26 of the Companies Act which is agreed to by the requisite majority of members or creditors (as the case may be) and sanctioned by the Court, provided that in the case of a transfer arising from death, the transferees enter into a Lock-In agreement.

(b) *Allenby Capital Engagement Letter*

On 13 July 2020, the Company entered into an engagement with Allenby Capital pursuant to which Allenby Capital agreed to act as the Company's financial advisor, nominated advisor and broker in connection with the proposed Placing and the Admission.

(c) *Nomad and Broker Agreement*

On 18 December 2020, the Company, the Directors and Allenby Capital entered into a nominated adviser and broker agreement (the "Nomad Agreement"), pursuant to which Allenby Capital agrees to act as the Company's nominated adviser and broker as required by the AIM Rules with effect from Admission. The Nomad Agreement is terminable by either party on three months' prior written notice following the first anniversary of Admission, or forthwith by the parties in certain circumstances. Allenby Capital undertakes to provide the services of a nominated adviser as required under the AIM Rules and the Company agrees to comply with their obligations under the AIM Rules. The Company will pay Allenby Capital a fee of £60,000 per annum (plus applicable VAT) pursuant to the terms of the Nomad Agreement.

(d) *Placing Agreement*

On 18 December 2020, Allenby Capital, the Company, the Directors and Vector Holdings entered into a placing agreement pursuant to which (amongst other things) Allenby Capital is to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares at the Placing Price; the Company, the Directors and Vector Holdings give certain warranties and (save for the directors of the Company) indemnities to Allenby Capital; the liability of the Directors and Vector Holdings is subject to customary financial and time limits; the Company is to use reasonable endeavours to appoint another additional independent director within six months of Admission; and the Company agrees to pay the costs, charges and expenses relating to or incidental to the Placing.

(e) *Former Company Solicitors' Engagement Letter*

On 10 September 2020, the Company entered into an engagement letter with JMW Solicitors LLP ("JMW") for services relating to Admission. £30,000 + VAT and disbursements has been paid to JMW in relation to those services. Kingsley Napley LLP were appointed solicitors to the Company in respect of Admission following the Company's client partner ceasing to be a member of JMW and becoming a member of Kingsley Napley LLP.

23. Intellectual Property Rights

The Company has a non-exclusive, perpetual (but with rights of termination for breach), royalty-free licence to use Vector Holdings' Finsoft software (the "**Licence**"). A licence fee of £10,000 + VAT per year is payable for the Licence. The Company is dependent on the Finsoft software to manage its business. The terms of the Licence are summarised in paragraph 19 of this Part VI.

24. Issue of New Shares

The directors are authorised to allot a further 15,999,802 Ordinary Shares. Pre-emption rights have been disallowed, and therefore pre-emption rights do not apply to, issues of relevant securities as referred to in paragraph 3 above. Otherwise, subject to certain exceptions, the Directors are obliged to offer Ordinary Shares to Shareholders on a basis pro-rata to their existing holdings before offering them to any other person for cash. The Directors will only issue Ordinary Shares if they deem it to be in the interests of the Company and (save pursuant to the powers or exceptions referred to above) will not issue Ordinary Shares for cash on a non-pre-emptive basis without first obtaining shareholder approval.

25. Other Information

- a) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the previous 12 months, which may have, or have had in the recent past significant effects on the Company's and/or the Vector Group's financial position or profitability.
- b) Save for the licence of software referred to in paragraph 19 of this Part VI and further referred to in paragraph 23 of this Part VI and the Shawbrook Finance Agreement and Aldermore Finance Agreement also referred to in paragraph 22 of this Part VI, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- c) There are no significant investments in progress, other than those described in Part I of this Document.
- d) Save in relation to the interest payment holidays granted to some borrowers as a result of the COVID-19 epidemic and referred to in paragraph 10 of Part I of this Document, no exceptional factors have materially affected the Company's activities (or any of its Subsidiaries).
- e) The Company's accounting reference date is 31 December and the Company's first audited annual accounts following Admission will be those for the financial year ended 31 December 2020.
- f) Jeffreys Henry LLP has given and not withdrawn its consent to the inclusion in this Document of its accountant's reports for the Company, for the Group in Part III of this Document. Jeffreys Henry LLP is regulated by the institute of Chartered Accountants in England and Wales.
- g) Allenby Capital Limited has given and not withdrawn its consent to the inclusion of its name in this Document in the form and context in which it is included.
- h) Kingsley Napley LLP has given and not withdrawn its consent to the inclusion of its name in this Document in the form and context in which it is included.
- i) The net proceeds of the Placing are expected to amount to approximately £2.6 million. The total costs and expenses payable by the Company in connection with Admission are estimated at £350,000 including VAT and are payable by the Company. These expenses are independent of the Placing agent's commission and fees, which are expected to be £110,000.
- j) Where information contained in this Document has been sourced from a third party, the source has been identified and the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- k) Save as disclosed in this Document, no person (other than the Company's professional advisers named in this Document and trade suppliers) has at any time within the 12 months preceding the date of this Document received, directly or indirectly, from the Company or any other member of the Group or entered into any contractual arrangements to receive, directly or indirectly, from the

Company or any other member of the Group on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

26. Availability of this Document and documents for inspection

A copy of this Document is available free of charge from the registered office of the Company during normal business hours on any business day for at least one month after the date of Admission.

A copy of this Document is also available on the Company's website, www.vectorcapital.co.uk, subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.

18 December 2020

