THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you are recommended to seek your own financial advice immediately from an appropriately authorised stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 ("FSMA").

This prospectus has been approved by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129. The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are, or the Company which is the, subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Applications will be made to the FCA for all of the ordinary shares having a nominal value of £0.01 each in the capital of Zaim Credit Systems Plc (the "Company") (issued and to be issued in connection with the Placing and Subscription) (the "Ordinary Shares") to be admitted to the Official List of the FCA (the "Official List") (by way of a standard listing under Chapter 14 of the listing rules published by the FCA under section 73A of FSMA as amended from time to time (the "Listing Rules") and to the London Stock Exchange plc (the "London Stock Exchange") for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities ("Admission"). It is expected that Admission will become effective, and that unconditional dealings in the Ordinary Shares will commence, at 8.00 a.m. on 4 November 2019.

THE WHOLE OF THE TEXT OF THIS DOCUMENT SHOULD BE READ BY PROSPECTIVE INVESTORS. YOUR ATTENTION IS SPECIFICALLY DRAWN TO THE DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE ORDINARY SHARES, AS SET OUT IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 11 OF THIS DOCUMENT.

The Directors and Proposed Directors, whose names appear on page 33, and the Company accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and Proposed Directors and the Company, the information contained in this Document is in accordance with the facts and makes no omission likely to affect its import.

ZAIM CREDIT SYSTEMS PLC

(incorporated in England and Wales under the company number 11418575)

Placing and Subscription of 104,000,000 new Ordinary Shares at a price of £0.025 per Ordinary Share
and
Admission of the Enlarged Share Capital to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's main market for listed securities

Broker & Placing Agent

OPTIVA SECURITIES
THE GLOBAL INVESTOR

Financial Adviser

BEAUMONT CORNISH Limited

This Document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer or invitation to buy or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States or under applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, transferred or distributed, directly or indirectly, within, into or in the United States or to or for the account or benefit of persons in the United States, Australia, Canada, Japan or any other jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

The Ordinary Shares have not been approved or disapproved by the US Securities Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Placing or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This Document should not be considered as a public offer or advertisement of securities in the Russian Federation and is not an offer to sell, or an invitation to make offers to purchase, any securities in the Russian Federation. Neither the Document nor any document related to it is intended to be registered with the Central Bank of the Russian Federation (the "CBR") or with any other state body that may be responsible for such registration. Therefore, "public placement" or "public circulation" of the Ordinary Shares in Russia as defined under Russian laws is prohibited. Any information on the Ordinary Shares described in this Document is intended for and addressed only to persons outside of Russia. The Ordinary Shares may not be offered, sold or delivered in the Russian Federation or for the benefit of any person (including legal entities) registered in, incorporated in, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation except as permitted by Russian law.

Optiva Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as broker exclusively for the Company in connection with the proposed Placing, Subscription and Admission and is not acting for any other person (including any recipient of this Document) or otherwise responsible to any person for providing the protections afforded to clients of Optiva Securities Limited or for advising any other person in respect of the proposed Placing, Subscription and Admission or any transaction, matter or arrangement referred to in this Document.

Beaumont Cornish Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser exclusively for the Company in connection with the proposed Placing, Subscription and Admission and is not acting for any other person (including any recipient of this Document) or otherwise responsible to any person for providing the protections afforded to clients of Beaumont Cornish Limited or for advising any other person in respect of the proposed Placing, Subscription and Admission or any transaction, matter or arrangement referred to in this Document.

Neither Optiva Securities Limited nor Beaumont Cornish Limited is making any representation, express or implied, as to the contents of this Document, for which Zaim Credit Systems Plc and the Directors and Proposed Directors are solely responsible. Without limiting the statutory rights of any person to whom this Document is issued, no liability whatsoever is accepted by Optiva Securities Limited or Beaumont Cornish Limited for the accuracy of any information or opinions contained in this Document or for any omission of information, for which the Company and the Directors and Proposed Directors are solely responsible. The information contained in this Document has been prepared solely for the purpose of the Placing, Subscription and Admission and is not intended to be relied upon by any subsequent purchasers of Ordinary Shares (whether on or off exchange) and accordingly no duty of care is accepted in relation to them.

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford investors in the Company a lower level of regulatory protection than that afforded to investors in companies with Premium Listings on the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the UK Listing Authority will not have authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

CONTENTS

PART I

SUMMARY

This summary has been drawn up as a short document written in a concise manner and of a maximum length of seven sides of A4-sized paper when printed. In accordance with Rule 2.1.2 of the Prospectus Regulation Rules reflecting the requirements of Article 7(1) and (2) under Regulation (EU) 2017/1129 this summary is be made up of the following four sections: (A) an introduction, containing warnings; (B) key information on the issuer; (C) key information on the securities; and (D) key information on the offer of securities to the public and/or the admission to trading on a regulated market.

Section 4(a) – Introduction and Warnings	
Introduction	The legal and commercial name of the issuer is Zaim Credit Systems Plc (the "Company" or the "Group") with the registered address at c/o Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London, EC2A 2EW and telephone number: 0203 137 1902. The Company's international securities identification number (ISIN) is GB00BK5T9G03 and its legal entity identifier (LEI) is 213800Z4MI9KSZA2VW72. This document has been approved on 30 October 2019 by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129. The FCA may be contacted at: Financial Conduct Authority, 12 Endeavour Square, London E20 1JN.
Warnings	This summary should be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on consideration of this document as a whole by the Investor. The Investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary including any translation thereof but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document, or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.

Section 4(b) – Key Information on the Issuer	
Who is the Issuer of the Securities?	
Issuer	The Company was incorporated as Agana Holdings Plc and registered in England and Wales on 15 June 2018 as a public limited company with company registration number 11418575 and LEI, 213800Z4MI9KSZA2VW72 and on 22 July 2019 the Company changed its name to Zaim Credit Systems Plc. The principal legislation under which the Company operates and under which Ordinary Shares were created is the Companies Act 2006 and the regulations made thereunder. The Company is subject to the Takeover Code. On 18 September 2019 the Company acquired the entire issued share capital of Zaim-Express LLC ("Zaim") from Zaim Holdings SA ("Zaim SA" or the "Seller") (the "Zaim Acquisition"). Under the terms of the Acquisition, Zaim SA received 320,000,000 new ordinary shares of £0.01 each (the "Ordinary Shares") in the Company and Zaim SA is to be awarded further deferred consideration in the form of Ordinary Shares in the Company should Zaim reach predetermined milestones. The Company is now the holding company of a Russian based financial services company, Zaim. The Company is now raising gross proceeds of £2.6 million through a Placing and Subscription (together the "Fundraise") conditional only on Admission.
Principal Activities	On 29 August 2011, Zaim was authorised to conduct microfinance activities in the Russian Federation and added onto the State Registry of Microfinance Organisations (the "Registry") maintained initially by the Russian Ministry of Finance and later, by the Central Bank of Russia ("CBR"). In 2016, Zaim obtained its current status as a microcredit company ("MCC") which allows it to engage in microfinance activity in the territory of the Russian Federation. Zaim currently provides loans of up to Russian Roubles 30,000 (£375) to retail customers through its network of just over 95 sites located predominantly in Moscow and to a lesser extent other urban areas of Western Russia, including St. Petersburg and Volgograd. These branches are near to densely populated residential communities in urban areas, as well as locations near to the transport infrastructure of Moscow. Zaim has also developed a pre-paid MasterCard "Zaim Express" card product, onto which Zaim can credit loan amounts directly to customers who can then spend online or via POS terminal or withdraw funds at an ATM. Zaim's loan book as at 31 December 2018 was approximately £29.2 million.

Group Strategy	In 2018, the Group eliminated a substantial amount of its historic debt thereby significantly reducing associated interest payments which resulted in a pro-forma profit for the year ended 31 December 2018 of approximately £835,000. This pro-forma profit also reflected the rationalisation of stores operated by Zaim in 2017 and 2018 from a peak of approximately 250 to 95 stores as at 31 December 2018. The strategy includes the maintenance of these core stores to enable lending to higher quality customers (with comparably low historic defaults (a default means a borrower who has not repaid its loan within 120 days of the maturity date ("Default" or "Defaults"))) including a number of repeat customers at a similar level along with the development of the Group's online platform which the Directors believe should allow for growth in the lending book and the number of loans made without the capital and operational expenditure of a purely store based model. In addition, the Group will continue to refine its lending and credit ratings' criteria based on experience to reduce Default rates and thereby improve operating margins. The Directors believe that these factors will enable the Group to grow revenue and operating margins following Admission.
Major Shareholders	As at 29 October 2019 (being the last practicable date prior to the publication of this Document), the Company is aware of the following persons who are and following Admission will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

Name of Shareholder	*Number of Existing Ordinary Shares Held*	*Percentage of Existing Ordinary Shares Held*	*Number of Ordinary Shares held immediately following Admission*	*Percentage of Ordinary Shares held immediately following Admission*
Zaim SA[1]	320,000,000	98.16%	320,000,000	73.23%
MPM & Partners (Monaco)[2]	0	0%	20,000,000	4.58%

(1) Siro Cicconi, a director of the Company, is the ultimate beneficial owner of Zaim SA which he wholly owns through his life interest in Excelsior Foundation which wholly owns Zaim SA.

On 29 October 2019, Siro Cicconi, Zaim SA and the Company entered into a relationship agreement, to ensure that the Company is able to carry on its business independently of Siro Cicconi and Zaim SA (the "Founder Shareholder Parties") and that all transactions and relationships with Siro Cicconi and Zaim SA shall be on an arms' length and normal commercial basis. Where either of the Founder Shareholder Parties hold or in aggregate holds 20% or more of the total voting rights in the Company, Zaim SA has the right to appoint a representative director. In addition, where either of the Founder Shareholder Parties hold or in aggregate holds 15% or more of the total voting rights in Company, they have the right to appoint a board observer.

(2) MPM & Partners (Monaco) holds its shares on behalf of a number of EEA based clients none of whom hold more than 3% of the issued share capital.

On Admission, such Shareholders will not have special voting rights and the Ordinary Shares owned by them shall rank *pari passu* in all respects with other Ordinary Shares.

Key Managing Directors	**Siro** Donato Cicconi – *Chief Executive Officer ("CEO")* **Simon** James Retter – *Finance Director* **Vladimir** Golovko – *Chief Operating Officer ("COO")*
Statutory Auditors	The Company's auditors are BDO LLP whose address is 55 Baker Street London W1U 7EU. Zaim's auditors are LLC FinExpertiza whose address is Leningradsky prospect, 47/3, Moscow, Russian Federation, 125167.

What is the key financial information regarding the Issuer?

Selected historical key financial information

The tables below set out selected key financial information for the Company for the period indicated as derived from the Company's historical financial information as at 31 December 2018 and for the period from incorporation to 31 December 2018, reported upon by BDO LLP along with the unaudited historical financial information as at 30 June 2019 and for the six months ended 30 June 2019, both prepared in accordance with International Financial Reporting Standards ("IFRS"). Prospective investors should review the following selected historical financial information together with the whole of this document and should not rely on the selected information itself.

Income Statement for the Company

	Audited Period from incorporation to 31 December 2018 £	*Unaudited 1 January to 30 June 2019 £*	*Unaudited 15-30 June 2018 £*
Other income	–	77,010	–
Administrative expenses	(66,670)	(143,073)	–
Result before taxation	(66,670)	(66,063)	–
Taxation	–	–	–
Loss for the period	(66,670)	(66,063)	–
Other comprehensive income/(loss)	–	–	–
Total comprehensive income/(loss) for the period attributable to owners of the Company	(66,670)	(66,063)	–
Loss per share – basic and diluted (expressed as £ per share)	(0.01)	(0.012)	–

Statement of Financial Position of the Company

	Audited As at 31 December 2018 £	*Unaudited As at 30 June 2019 £*
Assets		
Current assets:		
Other receivables	60,000	15,280
Cash and cash equivalents	–	8,987
Total Assets	60,000	24,267
Equity and liabilities		
Capital and reserves:		
Share capital	60,000	60,000
Retained earnings	(66,670)	(132,733)
Total equity attributable to the equity holders	(6,670)	(72,733)
Current liabilities:		
Other liabilities	66,670	97,000
Total liabilities	66,670	97,000
Total equity and liabilities	60,000	24,267

The tables below set out selected key financial information for Zaim for the periods indicated as derived from Zaim's historical financial information as at 31 December 2016, 31 December 2017 and 31 December 2018 and for the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018, reported upon by BDO LLP along with the unaudited historical financial information as at 30 June 2019 and for the six months ended 30 June 2019, both prepared in accordance with IFRS. Prospective investors should review the following selected historical financial information together with the whole of this document and should not rely on the selected information itself.

Zaim's Historical Comprehensive Income Statements

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	Audited 2016 £'000	*Audited 2017 £'000*	*Audited 2018 £'000*	*Unaudited 1 January to 30 June 2019 £'000*	*Unaudited 1 January to 30 June 2018 £'000*
Interest income	13,796	15,331	10,216	3,728	5,728
Interest expense	(3,536)	(6,492)	(2,457)	(54)	(1,173)
Net interest income	10,260	8,839	7,759	3,674	4,555
Gains less losses from dealing in foreign currency	3,999	(2,151)	(821)	86	141
Other operating income	128	372	826	(23)	6
Operating income	14,387	7,060	7,764	3,737	4,702
Allowance for ECL/impairment of loans to customers	(8,470)	(8,723)	(4,213)	(1,840)	(3,337)
Staff costs	(3,076)	(4,284)	(2,336)	(1,007)	(1,203)
Operating expenses	(4,914)	(6,109)	(2,758)	(1,442)	(1,404)
IPO related costs	–	–	–	(331)	–
Loss before taxation	(2,074)	(12,056)	(1,543)	(553)	(1,242)
Taxation	(611)	–	–	–	–
Net loss	(2,685)	(12,056)	(1,543)	(553)	(1,242)
Other comprehensive income/(loss)	(5,806)	990	3,837	(55)	2,091
Total comprehensive income/(loss) for the period attributable to owners of the company	(8,491)	(11,066)	2,294	(608)	849
Result per share – basic and diluted (expressed as £ per share)	N/A	N/A	N/A	N/A	N/A

Zaim's Historical Statements of Financial Position

As at 31 December 2016, 2017 and 2018 and 30 June 2019

	Audited 2016 £'000	*Audited 2017 £'000*	*Audited 2018 £'000*	*Unaudited 30 June 2019 £'000*
ASSETS				
Non-current assets:				
Property and equipment	22	17	13	12
	22	17	13	12
Current assets:				
Cash and cash equivalents	645	457	454	204
Loans to customers	2,720	1,079	640	630
Other assets	667	337	229	444
	4,032	1,873	1,323	1,278
TOTAL ASSETS	4,054	1,890	1,336	1,290

	Audited 2016 £'000	Audited 2017 £'000	Audited 2018 £'000	Unaudited 30 June 2019 £'000
EQUITY AND LIABILITIES				
Capital and reserves:				
Charter capital	2,446	2,446	2,446	2,446
Additional capital	–	–	29,046	29,046
Accumulated deficit	(24,383)	(36,440)	(38,070)	(38,276)
Translation reserve	1,175	2,165	6,002	5,947
Total equity attributable to equity holders	(20,762)	(31,828)	(576)	(837)
Current liabilities:				
Loans received	22,216	31,688	907	1,021
Other liabilities	2,600	2,030	1,005	1,106
Total liabilities	24,816	33,718	1,912	2,127
TOTAL EQUITY AND LIABILITIES	4,054	1,890	1,336	1,290

Other than the capital restructuring exercise that took place on 29 December 2018, whereby amounts due under the EER Loan Facility were set off against a capital contribution that EER had committed to make to Zaim, resulting in a £29,046,000 reduction in current liabilities and an additional charter capital for the same amount, there has been no significant change in the financial condition and operating results of both Zaim and the Company, during the period covered by the historical financial information. There has been no significant change in the financial performance or financial position of both Zaim and the Company since 30 June 2019, being the end of the last financial period for which historical financial information has been prepared.

Selected key pro forma financial information

The unaudited pro forma financial information (the "Pro Forma Financial Information") has been prepared for illustrative purposes only and because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

The Pro Forma Financial Information has been prepared to illustrate the effect of the Fundraise if the Fundraise had taken place on 30 June 2019 (being the date on which the interim financial information was made up to):

	The Company (Note 1) £'000 Unaudited	Zaim (Note 1) £'000 Unaudited	Adjustment (Note 2) £'000 Unaudited	Pro Forma net assets £'000 Unaudited
Assets:				
Cash and cash equivalents	9	204	2,100	2,313
Loans to customers	–	630	–	630
Property and equipment	–	12	–	12
Other assets	15	444	–	459
	24	1,290	2,100	3,414
Current Liabilities:				
Loans received	–	1,021	–	1,021
Other liabilities	97	1,106	–	1,203
	97	2,127	–	2,224
Unaudited pro forma net assets	(73)	(837)	2,100	1,190

1. The financial information of the Company and Zaim have been extracted without adjustment from the unaudited interim financial information set out in Parts X(I) and X(J) of this Document respectively.
2. The adjustment of £2.1 million represents the gross proceeds of the Fundraise, less associated costs and expenses directly attributable to the Admission amounting to approximately £500,000.

What are the key risks that are specific to the Issuer?

- The Group is exposed to the credit risk of its customers, as the Group makes unsecured personal loans to a segment of the population that has difficulty obtaining credit from mainstream financial institutions. The Group uses internally developed models for assessing credit risk and credit worthiness but despite these credit review processes the Group may not be able to properly evaluate every prospective customer and furthermore customer's circumstances may change leaving them unable to repay amounts owed as a result of for example, changes in personal circumstances, macroeconomic trends, political events or otherwise adverse developments or events. Any failure to correctly assess the credit risk of potential customers could lead to higher Default Rates, and/or a failure to make appropriate impairment provisions for the resulting losses, which may have a material adverse effect on the Group's business, financial condition, results of operations, prospects or cash flows.
- Zaim has accumulated losses as at 31 December 2018 of £38.1 million and, on a statutory basis, has made losses in each of the three financial years to 31 December 2018. This was due to Zaim's rapid expansion between 2015 and 2017, which increased Zaim's store

	footprint and therefore its staff and fixed costs. Zaim's business was also impacted by the burden of servicing the interest payments under the EER Loan Facility Agreement and the EER Master Debenture Agreement. If Zaim were to continue to be loss making the Group is likely to require additional capital after the Working Capital Period to support the continued growth of its operations. The Directors and the Proposed Directors believe that following the restructuring of Zaim's business which involved closing almost 160 stores and a reduction in its borrowing, Zaim now has the platform that will mean the losses reported on the scale previously seen in 2016 and 2017 will not be repeated. However, this cannot be guaranteed. • Zaim's risk management policies and procedures may be inadequate. The Group depends upon the reliability of its credit risk assessment to assess the credit worthiness of borrowers. If this system is deficient it is likely to result in more defaulting loans which would have a material adverse effect on the financial condition and results of the Group. Also it is currently not clear whether that Zaim's policies and procedures are compliance with the Russian Anti-Money Laundering Law although they are commonly adopted in the industry. If Zaim's policies are found to be inadequate the CBR has power to impose administrative fines on Zaim of up to 1,000,000 Russian Roubles (an equivalent of approximately £12,500) or suspension order for a period of up to three months and fines on managers of up to 50,000 Russian Roubles (an equivalent of approximately £620) and ultimately exclude Zaim from the registry of microfinance organizations. Furthermore, errors in Zaim's system lead to it providing inaccurate economic ratios data to the CBR, this sort of error can result in Zaim and its officers being fined by the CBR and if such breaches were regarded as systematic then under the Microfinance Business Law, the CBR has the right to terminate Zaim's microfinance organisation status and exclude it from the Registry, which would prevent it from continuing its current trade. • The Group is subject to risks of customer, employee and agent fraud despite the Group's selection and screening processes as well as internal relationship management processes seeking to identify fraud. Failure to properly identify customer, employee and agent fraud could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects. • Zaim operates in a highly regulated financial services industry and existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Any breach of applicable regulations could expose the Group to potential liability and other sanctions, including the exclusion of Zaim from the Registry and revocation of its MCC status, thus depriving it of the opportunity to carry on its business. Further any changes in regulation and laws could reduce the potential returns the Group earns on its lending operations. • Zaim was included within the registry of microfinance institutions when its status as an MCC was obtained; this inclusion means that the Group is subject to ongoing monitoring and compliance reporting requirements. If Zaim's MCC status is withdrawn, or suspended this is likely to have a materially adverse effect on the Group's business, financial condition, results of operations and/or prospects. • The Group competes against companies within the non-standard unsecured consumer loan market some of which may be significantly larger than the Group and increased competition in these markets could reduce the Group's market share and revenue. The Group expects to face competition from existing competitors and new entrants and increased competition could lead to a crease in market share or profitability, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects. • The Group may not be successful in implementing its strategy of further expending its revenue base through an increased emphasis on its online and existing microfinancing activities. • Current and future success depends on retaining Senior Management. A failure to retain Senior Management could have a material adverse effect on the Group's business, results of operations and/or financial condition. • The Group may be unable to successfully anticipate, manage and adapt to technological advances within the non-standard finance industry which could result in increased costs and loss of competitive advantage. Additionally, if the Group fails to invest sufficiently, fails to invest to the same extent as its competitors or fails to invest in the right technologies, its business, financial condition, results of operations, cash flows and prospects could be materially adversely affected. • The expansion of the Group's credit portfolio through its proposed online and micro financing activities offering depends upon its ability to obtain adequate funding. Although the Placing will be sufficient to support the Group's activities and its ability to implement its strategy during the Working Capital Period, the Company may after the Working Capital Period seek to raise further funds to support the expansion of the Group's loan book. There is no guarantee that such funding will be available in the future in the amounts, at the pricing and/or on the terms the Group may require or want. If such finance were unavailable on acceptable terms the Group may be unable to finance the expansion of its lending operations after the Working Capital Period, which could have a material adverse effect on its business, financial condition, results of operations and/or prospects • The Group is subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimise those risks and to respond to cyber incidents. If an actual or perceived breach of security occurs, customer and/or supplier perception of the effectiveness of the Group's security measures could be harmed and could result in the loss of customers, suppliers or both. • The Group's main trading operations are in the Russian Federation. There are greater legal, economic, financial and political risks associated with investing in Russia than more

	developed Western European markets, which are less likely to be subject to rapid change and potentially more susceptible to financial turmoil. Therefore there is greater probability of a legal, economic, financial or political change having a materially adverse effect on the Company's profitability or the viability.

Section 4(c) – Key Information on the Securities	
What are the main features of the securities?	
	The securities subject to admission are a total of 436,975,000 ordinary shares of £0.01 each ("Ordinary Shares"), including the new ordinary shares issued pursuant to the Fundraise at the Fundraise price, being £0.025 per Ordinary Share, all of which are fully paid. The Ordinary Shares are denominated in UK Pounds Sterling and the Fundraise Price is payable in UK Pounds Sterling. The Ordinary Shares are registered with ISIN number GB00BK5T9G03 and there is guarantee attached to the Ordinary Shares. The rights attaching to the Ordinary Shares are uniform in all respects and they form a single class for all purposes, including with respect to voting, dividends and other distributions thereafter declared, made or paid on the Ordinary Shares of the Company. Shareholders will have the right to receive notice of and to attend and vote at any meetings of Shareholders. Each Shareholder entitled to attend and being present in person or by proxy at a meeting will, upon a show of hands, have one vote and upon a poll each such Shareholder present in person or by proxy will have one vote for each Ordinary Share held by him. Subject to the Companies Act, on a winding-up of the Company the assets of the Company available for distribution shall be distributed, provided there are sufficient assets available, first to the holders of Ordinary Shares in an amount up to £0.01 per share in respect of each fully paid up Ordinary Share. If, following these distributions to holders of Ordinary Shares there are any assets of the Company still available, they shall be distributed to the holders of Ordinary Shares pro rata to the number of such fully paid up Ordinary Shares held (by each holder as the case may be) relative to the total number of issued and fully paid up Ordinary Shares. There are no restrictions on transferability and hence all Ordinary Shares are freely transferrable. The Directors recognise the importance of dividends to investors and as soon as the Zaim Business is at a mature state of development, the Directors will review the desirability of paying dividends. Income generated by the Company in the near term is likely to be re-invested by the Company to implement its strategy. The Board does not anticipate declaring any dividends in the foreseeable future and can provide no assurances that it will pay any dividends in the future, nor, if a dividend is paid, what the amount such dividend will be.

Where will the securities be traded?	
	Applications will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List and to trading on the London Stock Exchange's Main Market for listed securities ("Admission"). It is expected that Admission will become effective and that dealings in Ordinary Shares will commence at 8.00 a.m. on 4 November 2019.

What are the key risks that are specific to the securities?	
	• On Admission, Zaim SA will hold 320,000,000 Ordinary Shares representing 73.23% of the Company's Enlarged Share Capital. Zaim SA is wholly owned by Siro Cicconi, the Group's Chief Executive Officer which he wholly owns through his life interest in Excelsior Foundation which wholly owns Zaim SA. Accordingly, he will be in a position to exert significant influence over the Company, its strategy, directors and operations. Although as a Director of Zaim he is well placed to guide the growth of the Group there remains a risk that he could exert undue influence. For example, he will able to pass ordinary resolutions of the Company with his shareholding. The Company, Zaim SA and Siro Cicconi have agreed a Relationship Agreement governing his behaviour as the majority shareholder in the Company. Notwithstanding this investors should be aware of the risk posed by having a controlling shareholder with over 50 per cent. of the Company's Enlarged Share Capital. Furthermore, investors should be aware that Zaim SA has issued bonds with a liability in excess of €40.5m (an equivalent of approximately £35,640,000) on a zero coupon, 5 year term from 25 July 2019 and therefore due for repayment on 25 July 2024. If the Ordinary Shares are not providing the Seller with sufficient returns to repay its obligations, the Seller may look to repay part, or all, of this indebtedness through the sale of Ordinary Shares in the Group or from cash returns. Whilst the Seller and Siro Cicconi are subject to the terms of a 12 month Lock-In from Admission and a further 12 month Orderly Market Arrangement, there remains a risk that following the 12 month Lock-In the Seller may undertake significant share sales which could have a negative impact on the Group's share price. Siro Cicconi has provided an undertaking not to dispose of, either, directly or indirectly, his beneficial interest (subject to customary exceptions) in Zaim for a period of 12 months from Admission. • A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares.

Section 4(d) – Key Information on the Offer of Securities to the Public and/or the Admission to Trading on a Regulated Market	
Under which conditions and timetable can I invest in this security?	
General Terms and Conditions	The Fundraise Shares will be distributed pursuant to the Placing arranged by Optiva Securities Limited as agent for the Company and the Subscription, together the Fundraise, which is conditional on Admission occurring and becoming effective by 8.00 a.m. London time on, or prior to, 4 November 2019 (or such later date as may be agreed by Optiva Securities Limited, Beaumont Cornish Limited and the Company) but it any event no later than 31 December 2019 (the "Long Stop Date") in respect of the Placing and 30 November 2019 in respect of the Subscription and the Fundraise not having been terminated by Optiva Securities Limited in accordance with the terms of the Placing Agreement.
Expected Timetable	Publication of this Document — 30 October 2019 Admission and commencement of unconditional dealings in Ordinary Shares — 8.00 a.m. on 4 November 2019 Crediting of Ordinary Shares to CREST Accounts — 4 November 2019 Ordinary Share Certificates dispatched — Week commencing 11 November 2019
Details of Admission to Trading	The securities subject to admission are a total of 436,975,000 Ordinary Shares of £0.01 each comprising; 326,000,000 existing Ordinary Shares; 104,000,000 Fundraise Shares; and 6,975,000 fee shares issued in connection with the Admission.
Immediate Dilution Pursuant to the Placing	Pursuant to the Fundraise, 104,000,000 new Ordinary Shares have been conditionally subscribed for by certain investors at the Fundraise Price, representing 23.8 per cent. of the Enlarged Share Capital. The Fundraise will result in the existing share capital being diluted so as to constitute 74.6 per cent. of the Enlarged Share Capital.
Total Expenses of the Issue	The total expenses incurred (or to be incurred) by the Company in connection with the Fundraise and Admission are approximately £500,000. No expenses will be charged to the Investors.

Why is this Prospectus being produced?	
Brief Description	The management of the Company believe that although Zaim has developed a robust lending platform, it has lacked the capital to leverage off this customer base to grow its loan book. The Fundraise proceeds will provide Zaim with further capital to enable it to widen its customer base and in general, the London listing will make it more attractive to future capital providers. In addition, given Zaim's ongoing strategy, which includes maintenance of approximately 95 core stores enabling lending to higher quality customers along with the development of the Group's online platform which should allow for growth in customers and the number of loans made without the capital and operational expenditure of a store based model, the Group has through its online offering the potential for further growth in revenue and operating margins.
Net Proceeds	Conditional only on Admission, the Company has raised gross proceeds of £2.6 million through a placing and subscription of 104,000,000 new Ordinary Shares in the Company (the "Fundraise") and the total expenses incurred (or to be incurred) by the Company in connection with the Fundraise and Admission are approximately £500,000 (such that the net proceeds will be approximately £2,100,000 ("Net Proceeds")). It is anticipated by the management of the Company that the Net Proceeds of the Fundraise will be used as follows: • £1,200,000 to be advanced to Zaim to grow its loan book; • £400,000 for general working capital and administration costs (including online and direct mail marketing); and • £500,000 as a further contingency. The Fundraise is not underwritten but each investor has provided a firm commitment to subscribe for the Fundraise Shares.
The most material conflicts of interest pertaining to the Placing and Admission include:	a) Siro Cicconi, a director and the ultimate beneficial owner of Zaim SA through his life interest in the Excelsior Foundation will own 73.23% of the Ordinary Shares on Admission. This may give rise to a potential for a conflict of interest as Siro Cicconi through his ultimate shareholding could inhibit the Group from operating independently. Siro Cicconi as well as Zaim SA have entered into a relationship agreement with the Company which is intended to limit this conflict of interest. b) Simon Retter is a director on the board of Vertu Capital Ltd a special purpose acquisition company, which obtained a Standard Listing on 19 January 2015. Vertu Capital Limited was established as a special purpose acquisition company, initially focusing on the financial services sector, but which may consider acquisition opportunities in other sectors. This may give rise to the potential for a conflict of interest if the Group seeks to acquire other financial services businesses. Simon Retter has confirmed in writing that he has agreed with Vertu that any acquisition opportunities in the financial services sector that relate to Micro Finance or technology solutions for micro finances businesses can be referred to the Company. If the Company declines a particular acquisition opportunity it may then be offered to Vertu Capital Ltd.

PART II

RISK FACTORS

Investment in the Company and the Ordinary Shares carries a significant degree of risk, including risks in relation to the Company's business strategy, potential conflicts of interest, risks relating to taxation and risks relating to the Ordinary Shares.

Prospective investors should note that the risks relating to the Group, its industry and the Ordinary Shares summarised in the section of this document headed "Summary" are the risks that the Directors and the Propose Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks referred to below are those risks the Company, the Directors and the Proposed Directors consider to be the material risks relating to the Group. However, there may be additional risks that the Company, the Directors and the Proposed Directors do not currently consider to be material or of which the Company, the Directors and the Proposed Directors are not currently aware that may adversely affect the Group's business, financial condition, results of operations or prospects. Investors should review this Document carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares in the Company. If any of the risks referred to in this Document were to occur, the results of operations, financial condition and prospects of the Group could be materially adversely affected. If that were to be the case, the trading price of the Ordinary Shares and/or the level of dividends or distributions (if any) received from the Ordinary Shares could decline significantly. Further, investors could lose all or part of their investment.

RISKS RELATING TO THE COMPANY'S BUSINESS STRATEGY

The Group is exposed to the credit risk of its customers

The Group makes unsecured personal loans to a segment of the population that has difficulty obtaining credit from mainstream financial institutions. In doing so, the Group assumes the risk that its customers will be unable or unwilling to pay amounts in full when due. The Group uses internally developed models for assessing credit risk and the credit worthiness of its customers and relies upon certain data analytical tools, such as Scorista and Equifax Credit Services, produced by third parties, to assist in doing so. Despite its credit review process, the Group may be unable to fully and properly evaluate the financial condition of each prospective customer and his or her creditworthiness. Moreover, a customer's personal situation may change and render him or her unable to repay amounts borrowed, for example, due to changes in personal circumstances or due to the impact of macroeconomic trends, political events or other adverse developments or events. The Group is likely to have imperfect information about the ability of customers to pay and the time at which customers will pay, all of which factors may affect the Default Rates on loans made and the Group's decisions regarding impairments. In addition, the Group's impairment provisions may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of its total loan portfolio. This is especially likely to be the case if the number of defaulting loans increases significantly suddenly in a manner not anticipated by Zaim.

If the quality of its total loan portfolio deteriorates, or if the Group has inaccurately valued its loan portfolio, the Group may be required to increase its impairment provisions. Any failure to correctly assess the credit risk of potential customers, and/or make appropriate impairment provisions for the resulting losses, along with a material increase in Default Rates may have a material adverse effect on the Group's business, financial condition, results of operations or prospects or cash flows.

Zaim has adopted certain policies, practices and procedures with the intention of minimising its exposure to default risk. In particular:

- Zaim provides small loans not exceeding 30,000 Russian Roubles (approximately £375) and, on average, 8,500 Russian Roubles (approximately £110);

- Zaim provides short dated loans with an average maturity date of 20 days. Zaim is therefore able to measure the performance of these loans over a relative short period of time to form an assessment of the Default Rate within in its current loan book. In circumstances where Default Rates were to rise materially, Zaim would be able to react responsively by amending its lending practices. This would be likely to result in Zaim adopting a more conservative approach to lending and its assessment of each borrower's creditworthiness;

- in the event that a loan is not repaid within 90 days, a claim shall be filed at Court. The notification of the debt at Court will often negatively impact the credit rating of the defaulting borrower. This serves as both a deterrent and an incentive on borrower to ensure timely repayment of their debt; and

- Zaim has automated its procedures to ensure that it engages with borrowers prior to the maturity date of their loan and reminds them to make payment of their loan.

The Directors and the Proposed Directors cannot provide assurances that Zaim's policies, procedures and practices will be sufficient to prevent a rise in the Default Rates. Furthermore, in the event of a downturn in the Russian economy, basic living costs could increase, and unemployment levels would be expected to rise. Such factors would be likely to result in an increase in the number of Defaults, which would be likely to have an adverse effect on the Group's financial performance.

As at 31 December 2016, the Default Rate for that year was 10% for Existing Customers and 41% for New Customers and over the course of the last two years to the period ending 31 December 2018, the annual Default Rate was 8% for Existing Customers and 34% for New Customers (2017) and 8% for Existing Customers and 38% for New Customers (2018), respectively. The Board believes that the level of Defaults will remain steady as a proportion of the total loans over time. Zaim has adopted policies and procedures to collect loans which are in Default. The collection rate in respect of the total loans made in 2018 was 89%. In the event that collection rates should worsen, this is likely to have a negative impact on Group's cash flow and if that were to happen Zaim would be required to review its scoring model. Zaim would also consider disposing of its existing loan book.

The Zaim business has historically been loss making

Zaim reported Net Losses of £2,685,000 in the year to 31 December 2016, Net Losses of £12,056,000 in the year to 31 December 2017 and Net Losses of £1,543,000 in the year to 31 December 2018, which mean it has accumulated losses as a 31 December 2018 of £38.1 million.

The losses in the years to 31 December 2016 and 31 December 2017 were due to Zaim's rapid expansion between 2015 and 2017, which increased Zaim's store footprint and therefore its staff costs and fixed costs. Zaim's business was also impacted by the burden of servicing the interest payments under the EER Loan Facility Agreement and EER Master Debenture Agreement. On 29 December 2018 the principal amount due under the EER Master Debenture Agreement was set off against a capital contribution that EER had committed to make to Zaim. On 14 February 2019, EER contributed EUR 7,944,684, being the interest outstanding under the EER Master Debenture Agreement to the equity reserves of Zaim. On 29 December 2018 EER subscribed for a one million one hundred thousand Euro loan note under the Master Debenture Agreement. As at 31 December 2018 the amounts outstanding to EER under the EER Master Debenture Agreement were 80,187,000.00 Russian Roubles, being approximately £907,000. On 6 June 2019, EER agreed to sell its interest in the EER Master Debenture Agreement to Zaim SA as at that date. Zaim SA and Zaim have agreed that this amount will be repaid on 4 November 2020, being outside of the Working Capital Period.

The Directors and the Proposed Directors plan not to draw down any further amounts under the EER Loan Facility Agreement or the EER Master Debenture Agreement and therefore the Group does not expect to incur any future interest costs in this regard. The Directors intend to finance the Group from the Net Proceeds and by drawing down funds under the NA Loan for working capital purposes.

If Zaim were to continue to be loss making, the Group is likely to require additional capital after the Working Capital Period to support the continued growth of its operations and repayment of the EER Master Debenture Agreement. The Directors and the Proposed Directors believe that following the restructuring of Zaim's business (which involved closing almost 160 stores), a reduction in its borrowing and the development of its IT system, Zaim now has a platform that will mean that the losses on the scale previously seen in 2016 and 2017 will not be replicated in the year to 31 December 2019. This is because Zaim now has lower borrowing and its current IT platform is capable of supporting a much larger online sourced loan book without further capital expenditure and only a modest increase in operating costs. Should the Group be unable to repay the EER Master Debenture Agreement, the Directors and the Proposed Directors anticipate being able to roll this facility forward for a further period. Should the Directors and the Proposed Directors be unable to agree this, the Group would need to locate alternative sources of funds to repay this amount, such as further equity issues or debt funding.

Nothing in this risk factor in any way qualifies the Company's opinion that the working capital of the Group, taking into account existing cash balances and the Net Proceeds, is sufficient for the present requirements of the Group, that is for at least the 12 months from the date of this Document.

The Group's risk management policies and procedures may prove inadequate

The policies and procedure for managing credit and operational risk that are currently utilised by the Group may prove ineffective. The Group depends upon the reliability of its credit risk assessment which if deficient could result in the number of defaulting loans being greater than anticipated which would have a material adverse effect on the financial condition and results of the Group.

In respect of Zaim's procedure for taking on new clients there is a risk that Zaim's policies and procedures may not be in compliance with the Russian Anti-Money Laundering Law. The granting of online loans is a relatively new innovation in Russia and there is not yet specific legislation for online loan microfinance business. Therefore, there is uncertainty as to how the current law applies to online activities and in particular as to what constitutes adequate "certified" ID documentation under the Anti-Money Laundering Law.

The CBR has issued communications that suggests it may be sufficient to rely on scanned copies of identification documents certified as a true copy by the customers themselves as long as the MCC sets out the respective procedures in its internal rules. This practice is widely adopted in the Russian micro lending market and the policy adopted by Zaim, which includes this procedure in its internal rules. Furthermore, Zaim's policies were provided to the CBR in the course of the most recent CBR inspection in late 2018 and the CBR did not raise any issues with these procedures. However, due to the ambiguity of the language of the respective regulations, there remains a possibility that in the future Zaim may need to modify its practices to adopt a more conservative approach which means that online customers will need to have opted-in to USIA or provided documents certified by an appropriate third party, which may inhibit the growth of the Group's online business. There is also a risk that in the future legislation may be introduced to make these sorts of procedures mandatory, although the Directors are not aware of any such initiatives. In the unlikely event that the CBR were to find that Zaim's policies were inadequate the CBR has power to impose administrative fines on Zaim of up to 1,000,000 Russian Roubles (an equivalent of approximately £12,500) or suspension order for a period of up to three months and fines on managers of up to 50,000 Russian Roubles (an equivalent of approximately £620). In these circumstances the CBR would also have power to exclude Zaim from the registry of microfinance organizations (the "Registry").

In 2018, Zaim was found to have provided inaccurate data in relation to its mandatory economic ratios, which resulted in breaches of its liquidity ratio reported as of 31 March 2018 and as of 31 December 2017. Following this Zaim received a request for updated data from the CBR which it complied with. In 2019, CBR initiated administrative proceedings for the violation of liquidity ratio as of 31 March 2018 which shall result in the imposition of an administrative fine on Zaim for an amount of up to 50,000 Russian Roubles (an equivalent of approximately £620) and a fine on Zaim's COO for an amount of up to 10,000 Russian Roubles (an equivalent of approximately £130). The CBR did not take any enforcement action in relation to liquidity ratio breaches as of 31 December 2017 since a one-year statutory limitation period has lapsed. In 2019, the CBR levied a fine on Zaim for RUR 100,000 (approximately £1,250) for inaccuracies identified by the CBR in reports submitted by Zaim in October 2018. The inaccuracies in data provided by Zaim to the CBR were primarily due to defects in respect of the way the software used by Zaim collected the relevant data. Zaim believes that it has corrected these defects, however there is a risk that these modifications and/or Zaim's systems may prove ineffective and Zaim may in the future provide inaccurate data to the CBR. If this were to occur Zaim and its officers could be liable for fines and if it these breaches were regarded as systematic then under the Microfinance Business Law, the CBR has the right to terminate Zaim's microfinance organisation status and exclude it from the Registry.

The Company does not believe that these historic breaches nor software defects will affect its status and anticipates maintaining its compliance with all of its existing mandatory ratios and reporting requirements.

The Group is subject to risks of customer, employee and agent fraud

The Group's selection and screening processes with respect to customers, as well as its internal relationship management processes, may fail to identify fraud on the part of customers, employees or agents. Examples of customer fraud may include the provision of false or incomplete information, including documentation in respect of the identity of the customer and their personal circumstances, including, personal income, expenses and other liabilities, as part of the loan application process or, in respect of agents of the Group, the creation of fictitious customer loan accounts. Failure to properly identify customer fraud could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. This risk is exacerbated by the reliance of the Group, as part of its efforts to assess creditworthiness, on information it receives from credit reference agencies, which could be incomplete or incorrect, and could contribute to an overly positive, and unwarranted, credit assessment, even if the customer information is accurate.

The Group competes against other companies in the microfinance market, some of which may be significantly larger than the Group, and increased competition in these markets could reduce the Group's market share and revenue

The Directors and the Proposed Directors believe that the Group has developed a robust model for assessing credit risk and the credit worthiness of its customers.

The Group expects to face competition from existing competitors and new entrants in the non-standard unsecured consumer market and the non-standard consumer finance market, and its competitors may increase their market share and resources through merger and or amalgamation of their businesses or assets.

Competitors with greater financial resources than the Group may develop better models and procedures for the purpose of assessing lending risk than the Group through capital investment in its technology and infrastructure.

In addition, financial institutions may be actively considering entering into the non-standard consumer finance market as they or external credit data providers develop better procedures and technology to determine the credit risk associated with lending to persons who do not meet their standard credit criteria.

Increased competition faced by the Group could lead to a decrease in market share or profitability, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group focuses on unsecured consumer lending and is therefore reliant on demand for such financial products

The Group generates its revenue principally from, and therefore is heavily reliant on demand for, unsecured consumer lending. A variety of factors could influence demand for the Group's unsecured consumer loans, such as regulatory restrictions that inhibit customer access to particular financial services, increased availability or attractiveness of competing financial products, changes in consumer sentiment and spending or borrowing patterns, or changes in the personal financial circumstances of potential customers that might cause them to seek, and obtain, loans of larger size from other lending institutions or, alternatively, to exit the consumer loan market entirely. Should these patterns emerge, and should the Group fail to adapt to resulting significant decreases in customer demand for, or access to, its products, its revenues could decrease significantly, and on-going business operations could be adversely affected. Even if the Group were to adapt its products and services to meet changing customer demand (or its perceptions of existing or future customer demand), customers nonetheless may choose to opt for alternative products and services or otherwise cease to borrow from the Group. In any event, the effect of any product diversification or change on the results of the Group's business may not be fully ascertainable until the change has been in effect for some time.

To the extent the Group offers new products and services, it may face difficulty in adequately pricing, and therefore in achieving profitability, from offering these new products and services. In addition, the introduction of additional products and services could subject the Group to additional regulation or regulatory oversight and consequently to higher internal compliance expenses.

To the extent that any of the foregoing adversely decrease revenue or increase costs, or both, it could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group faces risks from concentrated exposure to the consumer lending industry and the macroeconomic environment in the Russian Federation

The Group's operations are currently concentrated entirely in one industry and in one country: unsecured consumer lending based entirely in the Russian Federation with revenue derived entirely from Russian based customers. Accordingly, the risk of investing in the Company could be greater than investing in an entity which owns or operates a range of businesses in a range of sectors and geographies. In the event of a disruption to the Russian credit markets or general economic conditions in Russia or macroeconomic conditions generally (including increased interest rates and/or unemployment in regions where the Group has significant presence), this concentration risk could cause the Group to experience a deterioration in earnings and reduced business activity, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

In addition, adverse economic conditions in the Russian Federation could have a negative impact on the financial circumstances of borrowers to whom the consumer lending business provides loans, such as through increased unemployment, which may affect the borrowers' ability to repay their loans, increasing the likelihood that they could default, which could in turn lead to an increase in non-payment, arrears and forbearance as well as an increase in the Group's impairment charges. Higher impairment charges could reduce the Group's profitability, capital and ability to engage in lending activities. Moreover, prospective customers may be less likely to borrow to fund discretionary purchases such as gifts or holidays during periods of economic decline, reducing the consumer lending businesses new lending opportunities. As a result, any of the foregoing results could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Damage to the Group's reputation could have a material adverse effect on the Group

The Group could suffer damage to its reputation and brands as a result of adverse publicity in connection with, for example, the perception of high charges in personal consumer loan products or poor protection of customer data. Adverse publicity could stem from the actions of legislators and pressure groups, as well as social media postings and/or reporting by the media. In the Russian Federation, short-term lending in which the Group is (or may in the future be) engaged is under scrutiny by the government, regulators and certain consumer advocacy groups, and the CBR is responsible for regulating and monitoring compliance within the sector. Since 2014, the CBR has been implementing reforms in the microfinance sector to ensure consumer protection, increase level of transparency and quality of services in the sector, and this has led to introduction of minimum capital requirements and economic ratios for microfinance institutions, requirements in relation to accounting and risk management procedures, maximum interest rates and charges, limitation on total amount of liability in consumer loan products, etc. The advent of tighter regulation has according to the CBR reports resulted in a significant reduction in the number of microfinance organisations operating within the sector between 31 December 2014 and 11 September 2019.

Unfavourable publicity could also lead to increased pressure in Russia for further changes to regulation of the non-standard consumer finance sector generally, and the unsecured consumer loans sector in particular, which could have material adverse consequences for the Group. The occurrence of any or a combination of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group may not be successful in implementing its strategy

The Groups plans to further expand its revenue base through an increased emphasis on its online and existing micro financing activities.

The Directors and the Proposed Directors believe that the Group will be able to offer more loans to new and existing customers online through improvements within its existing online platform. In addition, the

Company expects to be able to rely upon customer verification for loans not exceeding 15,000 Russian Roubles (an equivalent of approximately £190) using the state operated Unified Identification and Authentication System (USIA), for which nearly half of the Russian population is currently registered (*Source: Rostelecom release 5 December 2018*). It is anticipated that this will make the process of applying for and securing a loan more accessible and convenient for its target customer base by reducing the necessity for 'face to face' client identification procedures. The online platform will also enable the Group to reach customers beyond its current physical locations in Moscow and other urban locations in Western Russia.

The Group, however, cannot provide assurances that the increased online presence will enable the Group to increase its current revenue or market share and the expansion of its online platform. It is possible that the Group's competitors will establish an online platform which proves to be more successful with the Group's target customer base.

The expansion of the Group's credit portfolio through its proposed online and micro financing activities offering depends upon its ability to obtain adequate funding

Historically Zaim has been dependent upon capital from its shareholder to be able to support its activities and the Directors believe that the proceeds from the Placing will be sufficient to support the Group's activities and its ability to implement its strategy following Admission. The Directors and the Proposed Directors may after the Working Capital Period seek to raise further funds to support the expansion of the Group's loan book.

In the event that the Group should require access to additional funding, any additional funding would need to be obtained from alternative capital sources, the capital markets and/or other borrowing facilities. These sources of financing may not be available in the future in the amounts, at the pricing and/or on the terms the Group may require or want. The credit markets have experienced, and may continue to experience, high volatility and severe liquidity disruptions.

Were the levels of volatility and constraints on liquidity last seen following the global financial crisis which began in 2008 to return, the Group may be unable to diversify its funding sources. Were that to be the case, the Group may be unable to finance the expansion of its lending operations, which could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Nothing in this risk factor in any way qualifies the Company's opinion that the working capital of the Group, taking into account existing cash balances and the Net Proceeds, is sufficient for the present requirements of Group, that is for at least the 12 months from the date of this Document.

Current and future success depends on retaining Senior Management

The success of the Group also depends, in part, on the ability to retain, motivate, and attract suitable senior management to manage and operate the Zaim Business in Russia. If one or more of the Senior Management were to leave, the Group's ability to effectively manage itself may be materially adversely affected. The Directors believe competition for senior managers in the unsecured consumer loans sectors is considerable, in particular for risk and compliance roles. Under Russian employment law employee notice periods cannot exceed 14 days and therefore there is a risk that key managers leave on short notice. The Company has sought to mitigate this by directly engaging Andrey Katyshkov and Vladimir Golovko on longer notice periods and granting Andrey Katyshkov and Vladimir Golovko options with vesting periods. The Company has also created an option pool to retain and incentivise other staff. If despite this a senior manager leaves and Zaim fails to recruit and/or train a replacement this could have a material adverse effect on the Group's business, results of operations and/or financial condition.

Risks relating to the Group's borrowings and possible funding requirements beyond the Working Capital Period

The NA Loan and EER Master Debenture Agreement are due for repayment by the Group on 31 December 2020 and on 4 November 2020 respectively. Whilst the Company expects to be able to fund repayment of these loans from available Group cash resources at that time, should it be unable to, it may need to raise further funds to do so beyond the Working Capital Period from a possible further issue of equity or agree the rescheduling of such debt with the respective lenders. The Board therefore remains confident that the Group will be able to meet its further funding needs beyond the Working Capital Period should these arise but the means by which such funds could be raised may be dilutive to Shareholders. Ultimately, if such further funding requirements were to arise and not be dealt with as aforementioned, the Company may need to curtail the extent of its ongoing lending business so as to generate cash for the necessary repayment which would then have a negative impact on the Company's ongoing trading prospects.

Nothing in this risk factor in any way qualifies the Company's opinion that the working capital of the Group, taking into account existing cash balances and the Net Proceeds, is sufficient for the present requirements of Group, which is for at least the 12 of months from the date of this Document.

Risks under the Pledge Agreement

The Pledge Agreement dated 17 May 2019 contains a number of covenants to which the Group is subject including certain reporting obligations, prohibition on carrying out actions entailing bankruptcy or liquidation of Zaim, reduction of the nominal or actual value of the shares in Zaim, prohibition on assignment, transfer, withdrawal from Zaim and entering into certain corporate agreements. Should the Group breach any of these Noah could enforce the pledge and take ownership of the Zaim Shares. If this occurred the Company would have no trading business and trading in the Ordinary Shares would be likely to be suspended. There can be no certainty that in these circumstances the Company would be able to raise sufficient funds to repurchase the Zaim Shares or that Noah would be willing to sell them to the Company. In the event that the Zaim Shares could not be reacquired and the board was not able to propose an alternative business plan it is likely that the Ordinary Shares would be delisted from the Official List and the Main Market. However, the Group is confident that it can and will comply with all the covenants in the Pledge Agreement and that none of the covenants will impact on the implementation of the Group's strategy and therefore the risk of pledge being enforced are extremely small.

The Group is subject to risks relating to the credit quality, conduct and operations of its third-party service providers

The Company currently relies upon Equifax Credit Services as a service provider for undertaking credit checks and data analytical services in the day-to-day operations of its business and may use other similar providers in future to undertake such services. In the event that information supplied by Equifax Credit Services is incorrect or inaccurate this could result in an inaccurate assessment being made in relation to individuals' creditworthiness and, therefore, a decision by the Group to lend could be based on data which is inaccurate or misleading. In the event that lending decisions are based on incorrect analytics this could adversely affect the financial condition of the Group. In particular, the anticipated default rate could prove to be significantly greater than anticipated.

Nothing in this risk factor prejudices the Company's opinion that the working capital of the Group taking into account the Net Proceeds, is sufficient for the present requirements of Group, which is for at least the 12 months from the date of this Document.

The Group may be unable to successfully anticipate, manage and adapt to technological advances within microfinance industry which could result in increased costs and loss of competitive advantage

The Directors and the Proposed Directors proposal to launch its new online platform is anticipated to substantially improve the Group's online presence and capabilities. The Group's future growth is, however, expected to require additional investment in its information and technology systems, including to develop and commercialise new products or to enhance existing products, including with respect to mobile apps and other digital offerings, point of sale technologies and credit products. The Group may not assign the appropriate level of resources, priority or expertise to such programmes, and the Group may not be successful in anticipating, managing or adopting technological changes on a timely basis, either of which could disrupt its operations and harm its business and prospects. Furthermore, the cost of improvement and development programmes could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of the business.

Failure to successfully develop and commercialise new or improved products, or enhancements could have a material adverse effect on the Group's business and results of operations. Additionally, if the Group fails to invest sufficiently, fails to invest to the same extent as its competitors or fails to invest in the right technologies, its business, financial condition, results of operations, cash flows and/or prospects could be materially adversely affected.

The Group is subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimise those risks and to respond to cyber incidents

The Group routinely transmits and receives personal, confidential and proprietary information by email and other electronic means. The Group relies on secure processing, storage and transmission of confidential and other information on its computer and networks. An interception, misuse or mishandling of personal, confidential or proprietary information being sent to or received from a customer, counterparty or other third party could result in legal liability, customer dissatisfaction, regulatory action and/or reputational harm. The Group is exposed to the risk that data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection regulations. If the Group or any third-party service provider on which it relies fails to store or transmit customer information in a secure manner, or if any loss of personal customer data were otherwise to occur, the Group could also face liability under data protection laws.

While the Group has incurred no material cyber-attacks or security breaches to date, a number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at the Group, its customers, its suppliers or each of the above. Despite the Group's efforts to ensure the integrity of these systems, it is possible that the Group may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognised until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the company such as persons who are involved with organised crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. These risks may increase in the future as the Group continues to increase its mobile and other internet-based product offerings and expand its internal usage of web-based products and applications or expand into new countries.

If an actual or perceived breach of security occurs, customer and/or supplier perception of the effectiveness of the Group's security measures could be harmed and could result in the loss of customers, suppliers or both. Actual or anticipated attacks and risks may cause the Group to incur increased costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third party experts and consultants. In addition, many of the third parties who provide products, services or support to the Group could also experience any of the above cyber risks or security breaches, which could impact the Group's customers and business and could result in a loss of customers, suppliers or revenue. Any of these events could also result in the loss of the goodwill of the Group's customers and deter new customers, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Failure to maintain existing branches offering non-standard financial services could have a material adverse effect on the Group's prospect and performance

The Group currently operates just over 95 stores in Russia. Until the Group establishes a strong online presence, it will be dependent upon maintaining its footprint of stores and branches across the Moscow area and other regions. Failure to maintain its locations in key areas could adversely affect the profitability and financial outlook of the Group.

The Company is a holding company whose principal source of operating cash is the income received from the business it has acquired

The Company is dependent on the income generated by Zaim's business to meet the Company's expenses and operating cash requirements. The amount of distributions and dividends, if any, which may be paid from any operating subsidiary to the Company will depend on many factors, including such subsidiary's results of operations and financial condition, limits on dividends under applicable law, its constitutional documents, documents governing any indebtedness of the Company, and other factors which may be outside the control of the Company. If the acquired business is unable to generate sufficient cash flow, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares.

RISKS RELATING TO THE COMPANY'S STATUS AS A REGULATED BUSINESS

Zaim operates in a highly regulated financial services industry

Zaim, as a regulated MCC, is subject to regulation and supervision by the CBR. The Federal Law dated 02 July 2010 No.151-FZ "On Microfinance Activity and Microfinance Organisations" (the "Microfinance Business Law") introduced legal framework for microfinance business in 2010. Since then, the microfinance sector and consumer lending market has become highly regulated. In 2013, Federal Law No. 353-FZ dated 21 December 2013 "On Consumer Credit (Loan)" (the "Law on Consumer Credit") was adopted. Recent amendments to the Microfinance Business Law and the Law on Consumer Credit imposed additional limitations on consumer lending products (including requiring Zaim to hold additional capital when lending to clients with a DBR greater than 50%). At present, the total liability of the consumer under a loan with maturity of less than a year is limited to 1% per day. These requirements may limit Zaim activities, including its lending, and may increase its costs of doing business, or require Zaim to seek additional capital in order to comply with applicable capital adequacy or liquidity requirements. Existing laws and regulations could be amended, the manner in which laws and regulations are enforced or interpreted could change and new laws or regulations could be adopted. Any breach of applicable regulations could expose the Group to potential liability and other sanctions, including the revocation of its MCC licence, thus depriving it of the opportunity to carry on its business.

Zaim may not be able to maintain its status

The Group's ability to operate in the non-standard consumer finance market is dependent upon inclusion of Zaim into the Registry. CBR is responsible for maintenance of the Registry within the territory of the Russian Federation.

Zaim operates as a microcredit company. Zaim's status as an MCC was obtained for an indefinite period of time. As a result of inclusion of Zaim into the Registry, the Group is subject to ongoing monitoring, compliance and reporting requirements as well as inspections or investigations by the CBR. Failure to comply with those requirements could result in the withdrawal or suspension of MCC status which would be likely to have a materially adverse effect on the Group's business, financial condition, results of operations and/or prospects.

As an MCC Zaim must observe certain mandatory ratios and report to the CBR on its compliance with the mandatory ratios. As of 31 March 2018, and as of 31 December 2017, Zaim's liquidity ratio amounted to 46.43% and 38.69% respectively which was below the required liquidity ratio of 70%. This situation was improved as Zaim scaled back its loan book and benefited from the restructuring of the EER Master Debenture Agreement. The liquidity ratio improved to 89.23% and remained above the required threshold for the remainder of 2018 and the first 5 months of 2019. As at 31 May 2019 Zaim's liquidity ratio was 92.30%.

The Directors and the Proposed Directors are not aware of any factors that may adversely impact on Zaim's regulatory status at the date of this Document.

RISKS RELATING TO OPERATING IN THE RUSSIA FEDERATION

The Group faces risks from changes in Russian Government welfare policy

Changes in government welfare policy or regulation of the Microfinance sector could have a material adverse effect on the Group's business, results of operations or financial condition.

Since a proportion of the Group's customers are wholly or partially dependent on state benefits, the Group's business is exposed to changes in government spending and welfare policy. The total amount of government expenses budgeted for the implementation of state social policy has been increasing consistently since 2016 and amounted to approximately 653 billion Russian Roubles in 2018 (an equivalent of approximately £8.2 billion). This represents an increase of approximately 1% as compared to 2017. The total amount of government expenses budgeted for the implementation of state social policy in 2020 and 2021 is also expected to increase. Starting from 01 January 2019, the minimum wage amount has been raised to 11,280 Russian Roubles (an equivalent of approximately £135), representing about 19% increase as compared to 1 January 2018. Further increases in welfare provision may have a negative impact on the Group's business as it may decrease demand for the Group's services.

In the event of a change in welfare policy, the Group will consider developing new products where there is a need to sustain or to increase demand for microloans. In the event of such a change, the Group would adapt its marketing strategy to ensure its marketing is targeted towards the correct segment of the Russian population.

Experience from more developed markets suggests that increased welfare provision changes the profile of borrowing within the target demographic but does not reduce overall demand, so in such circumstances the Group would seek to introduce new products and/or target new customer groups.

The Company may be subject to foreign investment and exchange risks

The Company's functional and presentational currency is sterling. As a result, the Company's consolidated financial statements will carry the Company's assets in sterling. However, the Zaim business is conducted in Russian Roubles and therefore the Company will be required to translate, *inter alia*, the balance sheet and operational results of such business into sterling. Due to the foregoing, changes in exchange rates between sterling and the Rouble this could lead to significant changes in the Company's reported financial results from period to period. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political or regulatory developments. Although the Company may seek to manage its foreign exchange exposure, including by active use of hedging and derivative instruments, there is no assurance that such arrangements will be entered into or available at all times when the Company wishes to use them or that they will be sufficient to cover the risk.

Risks Relating to the Russian Federation

The Group's core business is based in Russia. There are certain risks associated with an investment in Russia. Emerging markets such as the Russian Federation are subject to greater risks than more developed markets and a financial crisis could have a particularly significant adverse effect on the financial services businesses operating in emerging markets such as the Russian Federation. Investors in emerging markets such as the Russian Federation should be aware that these markets are subject to greater risk than more developed markets, including, in some cases, significant legal, economic, financial and political risks. Investors should also note that emerging economies such as the economy of the Russian Federation are subject to rapid changes and that the information set out in this Prospectus may become outdated relatively quickly. Moreover, financial turmoil in any large developing country may tend to adversely affect prices in equity and debt markets of other developing countries as investors move their money to more stable and developed markets.

As has happened in the past, financial problems, or an increase in the perceived risks associated with investing in emerging economies, could dampen foreign investments in Russia and have an adverse effect on the Russian economy as a whole, which, in turn, could have an adverse effect on the Group, due to, among other factors, declines in the creditworthiness of many borrowers and an overall decrease in demand for loans. In addition, any financial turmoil can result in the ability of the Group to raise capital inside and outside of Russia to be curtailed.

Political and governmental instability in the Russian Federation

The Russian Federation only became a democracy with a market-oriented economy in 1991 and therefore the democratic institutions in Russia are not as advanced as some of their Western European piers. Vladimir Putin has been Russia's dominant political figure since his election as president in 2000, serving two terms and then a four-year stint as prime minister, before resuming the presidency in 2012 and winning re-election in 2018.

Since this re-election the Russian government has adopted a nationalist course, and some have suggested that the democratic processes in Russia have become less effective. The lack of any opposition party with sufficient representation in the Russian Parliament to challenge legislation means that shifts in government policy and regulation are less predictable than in many Western democracies and could disrupt or reverse political, economic, regulatory and other reform, which could lead to a deterioration in Russia's investment climate that might have a material adverse effect on the Groups' business, results of operations, financial condition and prospects.

Risk concerning legal certainty in the Russia Federation

The Russian Federation is a federation of 85 political units, which include republics, territories, regions and cities of federal significance, an autonomous region and autonomous districts. The delineation of authority and jurisdiction among the members of the Russian Federation and the Russian government is, in many instances, unclear and sometimes remains contested. In the past, lack of consensus between the federal government and regional or local authorities resulted in the enactment of conflicting legislation at various levels and led to political instability. In particular, in the past, conflicting laws were enacted in the areas of privatisation, securities, corporate legislation, regulation of land use and licensing. Some of these laws and the governmental and administrative decisions implementing them, as well as certain transactions consummated pursuant to them, have, in the past, been challenged in Russian courts and such challenges may occur in the future. This lack of consensus creates uncertainties in the operating environment in the Russian Federation, which could hinder the Group's long-term planning efforts and may prevent the Group from effectively and efficiently carrying out its business strategy.

Risk of additional UK EU or US sanctions against Russian individuals or entities

Certain persons and entities in Russia are the subject of EU and US sanctions. The EU's sanctions regime introduced in response to the Russia Federation's purported actions in Ukraine is governed by three EU regulations being Council Regulation (EU) No 269/2014 of 17 March 2014 (as amended), Council Regulation (EU) No 833/2014 of 31 July 2014 (as amended) and Council Regulation (EU) No 692/2014 of 23 June 2014 (as amended). These Regulation impose sanctions on various persons and entities due to the Russian Federation's purported actions to destabilise the Ukraine and annex Crimea and Sevastopol. On 6 March 2014, the United States implemented a Ukraine/Russia-related sanctions program due to the threat posed by the actions and policies of certain persons who had undermined democratic processes and institutions in the Ukraine, threatened the peace, security, stability, sovereignty, and territorial integrity of Ukraine and contributed to the misappropriation of Ukraine's assets. Subsequently additional parties have been added to the list of parties sanctioned by the United States including in response to the purported annexation of the Crimea region of Ukraine. In August 2019 further sanctions measures were implemented by the United States in response to the alleged use of "Novichok" nerve agent in Hampshire in the UK in 2018 by agents of the Russian Federation.

The Directors and Proposed Directors confirm that as at the date of this document no person or entity listed on either the UK, EU or US sanction lists has any relationship with the Group. Given that US and EU sanctions have in the past targeted the Russian financial services sector, there remains a remote risk that in the future the UK/ EU or US may widen the financial institutions subject to sanctions to include Zaim. If Zaim were to be added to a sanctioned list it would be likely to severely impact the Group although given the uncertain nature and scope of these additional sanctions it is difficult to anticipate their likely effect on the Group. For instance such sanctions might prohibit the Company from receiving funds from Zaim or they may prevent the Company from holding assets in Russia, which might force the Company to divest its interests in Zaim at a low price. However, the EU sanctions have generally targeted large state owned entities with whom Zaim does not have a relationship and therefore the Directors believe Zaim is unlikely to be targeted. Likewise there is a possibility that sanctions could be introduced to impact Zaim's bankers JSC "Alfa-Bank" or JSC Nokssbank. Neither of these entities are state owned and so in the Directors' and Proposed Directors' view they are not likely targets for sanctions. However, if either of these two entities were sanctioned the Directors and Proposed Directors would look to establish alternative banking relationships with other Russian banks. It is difficult to anticipate how challenging this would be as it would depend how broad the sanctions imposed were. Likewise it would be difficult to assess the impact of Noah (Zaim's principal lender) being subject to sanctions. If this were the case Zaim would look to source alternative finance which may be challenging depending on the circumstances in Russia at the time and the financial position of Zaim. If the Group discovers Zaim has a sanctioned counter party, it will look to ring fence the business of Zaim to prevent it from carrying out any actions that would bring it within the US, UK or EU sanctions regimes (as applicable) whilst the Group seeks to put in place alternative arrangements so that Zaim does not transact with a sanctioned counter party.

The Directors and Proposed Directors are not aware of any proposals to change the nature, or increase the scope, of the current sanctions regimes against Russian targets. Neither are the Directors and Proposed Directors aware of or any particular reason why the activities of the Group are likely to be targeted by any new sanctions. In the event that additional sanctions are imposed the board would seek to carry out any actions required to ensure the Group complied with the new sanctions regime and has adopted a Sanctions Policy to seek to assist the Group's management to remain in compliance with the Group's sanctions obligations.

The potentially destabilising effect of military conflicts acts of terrorism or natural disasters

Military conflicts and international terrorist activity and natural disasters have historically had a significant effect on international finance. For example following a military intervention by Russia in Crimea and a referendum in February–March 2014, the Crimean Peninsula ceased to be part of Ukraine and became part of the Russian Federation. This led to the Russia being suspended from the G8 and sanctions being put in place as well as the United Nations General Assembly rejecting the Crimean referendum result and alleged annexation. Also in 2014 in the Donetsk and Luhansk regions of Ukraine, pro-Russian militia seized government buildings, police and special police stations in several cities and held unrecognised status referendums. This led to military conflict between the Ukrainian forces the militia which is ongoing. In November 2018 two Ukrainian gunboats and a tug sailing towards the Kerch Strait were seized by Russia's FSB border guard force in international waters causing an international crisis. Actions like these increase the risk of international sanctions that are likely to negatively impact the Russian economy, which may have a knock-on effect on the Zaim Business.

In recent years, the Russian Federation has experienced heat waves, flooding, earthquakes, and freezing rain. In particular in 2013 in the Far East the Amur River burst its banks affecting 90,000 people and causing 235 settlements, more than 2,000 kilometres of roads, and 13,000 apartment blocks to be flooded, causing misery for locals[1]. Also, in July 2012, ten resort towns and port cities were flooded, including Gelendzhik and Novorossiysk affecting 57,000 people and causing 150 fatalities. In July and August 2010, a series of fires broke out across Western Russia and around Moscow, covering at one stage over 193,000 hectares. The fires, combined with a summer drought and record high temperatures, resulted in a decline in the Russian harvest. The costs associated with tackling natural disaster can depending on scale have an adverse effect on the Russian economy and in particular caused economic hardship to section of the community who may be customers of the Group. Those customers may default and/or cease servicing on their obligations to Group, which is likely to impact the Group financially.

RISKS RELATING TO THE ORDINARY SHARES

The Company will, on Admission, have a substantial shareholder with an equity interest of over 50% in the Company's Ordinary Shares

On Admission, Zaim SA will hold 320,000,000 Ordinary Shares representing approximately 73% of the Company's Enlarged Share Capital. Zaim SA is wholly owned by Siro Cicconi, the Group's Chief Executive Officer, which he owns through a life interest in the Excelsior Foundation and the Excelsior Foundation wholly owns Zaim SA. Accordingly, he will be in a position to exert significant influence over the Company, its strategy, directors and operations. Although as a Director of Zaim Credit he is well placed to guide the growth of the Group there remains a risk that he could exert undue influence. For example, he will able to pass ordinary resolutions of the Company with his shareholding. The Company, Zaim SA and Siro Cicconi have agreed a Relationship Agreement governing his behaviour as the majority shareholder in the Company, which places certain restrictions on Zaim SA and Siro Cicconi to attempt to prevent Zaim SA abusing its majority shareholding position to the detriment of minority shareholders. Notwithstanding this, investors should be aware of the risk posed by having a controlling shareholder with over 50 per cent. of the Company's Enlarged Share Capital.

Furthermore, Investors should be aware that Zaim SA has issued bonds with a liability in excess of €40.5m (an equivalent of approximately £35,640,000) on a zero coupon, 5-year term from 25 July 2019 and therefore due for repayment on 25 July 2024. If the Ordinary Shares are not providing the Seller with sufficient returns to repay its obligations, the Seller may look to repay part, or all, of this indebtedness through the sale of Ordinary Shares in the Group or from cash returns. Whilst Zaim SA and Siro Cicconi are subject to the terms of a 12-month Lock-In from Admission and a further 12-month Orderly Market Arrangement, there remains a risk that they may undertake significant share sales which could have a negative impact on the Group's share price. Furthermore, Siro Cicconi has provided an

1 https://www.rbth.com/history/329865-most-destructive-natural-disasters-russia

undertaking not to dispose of directly or indirectly his beneficial interest in Zaim SA for a period of 12 months from the date of Admission.

The proposed Standard Listing of the Ordinary Shares will afford Investors a lower level of regulatory protection than a Premium Listing

Application will be made for the Ordinary Shares to be admitted to a Standard Listing on the Official List. A Standard Listing will afford Investors in the Company a lower level of regulatory protection than that afforded to investors in a company with a Premium Listing, which is subject to additional obligations under the Listing Rules.

Further details regarding the differences in the protections afforded by a Premium Listing as against a Standard Listing are set out in the section entitled "Consequences of a Standard Listing" on page 28.

There is currently no market for the Ordinary Shares, notwithstanding the Company's intention to be admitted to trading on the London Stock Exchange. A market for the Ordinary Shares may not develop, which would adversely affect the liquidity and price of the Ordinary Shares

There is currently no market for the Ordinary Shares. Therefore, Investors cannot benefit from information about prior market history when making their decision to invest. The price of the Ordinary Shares after the Placing also can vary due to a number of factors, including but not limited to, general economic conditions and forecasts, the Company's general business condition and the release of its financial reports. Although the Company's current intention is that its securities should continue to trade on the London Stock Exchange, it cannot assure you that it will always do so. In addition, an active trading market for the Ordinary Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their Ordinary Shares unless a market can be established and maintained, and if the Company subsequently obtains a listing on an exchange in addition to, or in lieu of, the London Stock Exchange, the level of liquidity of the Ordinary Shares may decline.

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, together with the number of Ordinary Shares to be issued pursuant to the Placing, 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 Placing Price.

Dividend payments on the Ordinary Shares

The Company does not currently intend to pay dividend on the Ordinary Shares immediately but may do so in the near future. Payments of such dividends will be dependent on the availability of any dividends or other distributions from its subsidiaries. The Company can therefore give no assurance that it will be able to pay dividends going forward or as to the amount of such dividends, if any.

The Company may be unable to transfer to a Premium Listing

The Company is not currently eligible for a Premium Listing under Chapter 6 of the Listing Rules. There can be no guarantee that the Company will meet such eligibility criteria or that a transfer to a Premium Listing or other listing venue will be achieved. If the Company does not achieve a Premium Listing or the Directors and the Proposed Directors decide to maintain the Standard Listing, the Company will not be obliged to comply with the higher standards of corporate governance or other requirements which it would be subject to upon achieving a Premium Listing and, for as long as the Company continues to have a Standard Listing, it will be required to continue to comply with the lesser standards applicable to a company with a Standard Listing. This would mean that the Company could be operating a substantial business but would not need to comply with such higher standards as a Premium Listing provides.

RISKS RELATING TO TAXATION

Russian transfer pricing legislation is unclear and is subject to further changes

Russian transfer pricing rules apply to "controlled transactions" that include, in particular, cross-border transactions between related parties with annual turnover exceeding RUR 60 million (an equivalent to approximately £743,290). Russian taxpayers involved in controlled transactions must notify the tax authorities about such transactions and develop documentation proving the conformance of the prices applied with the "arm's length principle."

There are certain significant specifics with respect to how the transfer pricing principles are reflected in the Russian legislation. Special transfer pricing rules apply to transactions with loans.

Although pricing applied in "controlled transactions" shall be audited by the Federal Tax Service (by its central office), in observance of the transfer pricing methods, in practice, lower-level tax authorities often attempt to scrutinize pricing and other terms in transactions between related parties more broadly, based on the "unjustified tax benefit" concept.

Accordingly, due to uncertainties in the interpretation and application of Russian transfer pricing rules, the Russian tax authorities could challenge interest expenses of Zaim related to the intra-group loan transactions and make adjustments that could affect its tax position unless the company confirms the use of market interest rates, supported by appropriate transfer pricing documentation. The imposition of additional tax liabilities as a result of Russian transfer pricing rules may have a material adverse effect on the Company's business, prospects, financial condition, results of operations and/or the trading price of the Ordinary Shares.

Russian thin capitalization rules allow different interpretations

Russian regulations on thin capitalization rules expressly restrict the ability to deduct interest charged on foreign controlled debt ("Foreign Controlled Debt"), which includes loans and other debt received by a Russian organization (i) from a foreign person (legal entity or individual) acknowledged as a related party for Russian transfer pricing purposes if this foreign person directly or indirectly holds shares in the Russian organization's charter capital; (ii) from another person that is a related party of the aforementioned foreign person; or (iii) which are guaranteed or otherwise secured by any of the above mentioned persons.

The ability to deduct interest is restricted to the extent that Foreign Controlled Debt exceeds net assets by more than 3 times (12.5 for banks and leasing companies). Interest on excess debt is non-deductible and treated as a dividend subject to withholding tax. In the event the taxpayer has negative net assets, the whole amount of interest accrued on the controlled debt will be non-deductible and treated as a dividend.

Debt obligations with foreign organizations arising in connection with the issuance by foreign organizations of tradable bonds is exempted from the definition of Foreign Controlled Debt.

Our Russian operations may be affected by our inability to deduct interest based on the Russian thin capitalization rules in Russia if at any time the respective indebtedness qualifies as foreign controlled debt or by the inability to deduct interest based on other reasons.

Taxation of Dividends and Interest from Zaim to the Company

A Russian company that pays dividends is generally obliged to act as a tax agent and to withhold tax on those dividends and remit the amount of tax due to the Russian budget. Dividends paid to a non-resident investor holding the Shares will generally be subject to Russian withholding tax, which Zaim will have to withhold. Under Russian domestic law dividends paid to a non-resident investor will be subject to Russian withholding tax at a rate of 15%; although this tax rate may be reduced under an applicable tax treaty if certain conditions defined in case tax treaty are met (in particular, if the shareholder receiving the dividend is a beneficial owner of respective dividends). Under the UK Russia double tax treaty the tax may be reduced to 10%.

The same approach will be applied in respect of payments of interest under loan agreements between the Company and Zaim. However, in this case the applicable rate established by the Russian Tax Code equals to 20%; as per the UK Russia treaty, this may be reduced to nil.

Under the respective provisions of the Russian Tax Code, a foreign recipient of income cannot be recognized as the “beneficial owner” of income and cannot be subject to tax treaty benefits, if it has only limited powers to dispose of the income, exercises intermediary functions with respect to such income in the interest of another person, does not exercise any other functions and takes no risks, and directly or indirectly transfers all or most of the income to another person, which would not otherwise be entitled to the same tax treaty benefits.

The Russian “beneficial ownership” rules may be more restrictive compared to the authorized OECD approach and in the absence of a clear set of supporting documents may be aggressively applied by the Russian tax authorities and courts. As a result, there can be no assurance that the Company would be able to benefit from the reduced withholding income tax rate which, in practice, could have a material adverse effect on the results of the Company’s operations and financial condition and the trading price of the Ordinary Shares.

Russian tax legislation includes new concept of corporate tax residency and permanent establishment rules, which may be applicable to the Company

As of January 1, 2015 the Tax Code contains a new concept of corporate tax residency, according to which a foreign company can be recognized as a Russian tax resident and be fully taxable in Russia, if at least one of the following requirements is met: (i) executive body (or bodies) of the company regularly exercise their functions with respect to this company from Russia and (ii) executive officers of the company (in charge for planning and control over the enterprise) primarily exercise executive management of this company from Russia.

Under the Russian Tax Code, if any of the above requirements is met for both Russia and a foreign state the company would be recognized as a Russian tax resident if at least one of the following additional criteria is met: (i) accounting and management accounting of the company is performed in Russia, (ii) documents (records) management is based in Russia, or (iii) operational human resources management is performed in Russia.

At the same time, the foreign company should not be recognized as a Russia tax resident because the following activities may have been exercised in Russia: (i) activities related to the authority of the general shareholders’ meeting, (ii) activities related to preparation Board of Directors meeting and (iii) exercising of separate functions related to planning and control (strategic planning, budgeting, preparation and compilation of consolidated financial statements and management accounts, analysis of the foreign company’s activity, audit and internal control, adoption of standards, methods and/policies which apply to all or to a substantial part of the subsidiaries of the foreign company) over the foreign company.

If both Russia and a foreign state (e.g., the UK) recognize the Company as their tax resident, the tax residency of the company may need to be determined in accordance with the “tie-breaker” provision in the applicable tax treaty concluded with Russia. However, there is currently no practice of applying corporate tax residency “tie-breaker” provisions in Russia and therefore, there may be no assurance that the results of such application would be consistent with the international practice and would not create additional tax burden for the taxpayer.

Apart from the new concept of corporate tax residency, the Tax Code contains permanent establishment rules, which are generally consistent with the authorized OECD approach. According to both the Russian Tax Code and tax treaties concluded with Russia, a foreign entity creates a permanent establishment in Russia if it regularly exercises business activities (potentially including management functions) on the territory of Russia through a fixed place of business or a dependent agent except for activities of an auxiliary and preparatory nature and simple signing of contracts based on the head office explicit written instructions. However, the practical application of taxing foreign legal entities with permanent establishments in Russia is not well developed. As a result, foreign companies with limited operations in Russia that would not rise to the level of creating a permanent establishment under international norms may be at risk of being treated as having a permanent establishment in Russia and hence may be subject to Russian taxation. Although the Company intends to conduct its affairs so that it is not treated as having a permanent establishment in Russia, no assurance can be given that it will not be treated as having such a permanent establishment. In case of the negative scenario, the Company would be subject to Russian taxation in a manner broadly similar to the taxation of a Russian legal entity. The Tax Code contains rules on attributing profits of foreign companies to their Russian permanent establishment, which are not sufficiently developed. There is a risk that the Russian tax authorities might seek to assess Russian taxes on the entire income (turnover) of the Company.

In view of above, the tax residency rules create the risk that the Company may be treated as a Russian tax resident, or alternatively as having a taxable Russian permanent establishment (to which substantial profits will be attributed) by the tax authorities and thus may be subject to taxation in Russia (including corporate profits tax at an ordinary rate of 20% and/or other applicable rates (including withholding tax rates) and 18% VAT). Additional Russian taxes or penalties could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The approaches to tax law enforcement and interpretation of legislation are unstable, not well developed and may be unpredictable and selective

In Russia there is sometimes an absence of clear law-enforcement regulations and legal clarifications, and in a situation of frequent changes in the Russian Ministry of Finance's interpretation of legislation, additional tax assessments and groundless claims by the tax authorities are frequent occurrences. The absence of effective out-of-court dispute resolution procedure results in additional costs and administrative efforts incurred by corporate taxpayers forced to file claims to the courts in most of the cases when disputes with the authorities arise.

Court decisions do not create precedent law in Russia. Although in recent years the highest courts have gradually attempted to regulate court practice in the sphere of taxation and to develop a unified approach to judging particular types of cases there are still no clear rules for distinguishing between lawful tax optimisation and tax evasion. The courts have attempted to develop some anti-avoidance approaches, such as the concept of "a tax payer acting in bad faith" as well as the concept of an "unjustified tax benefit", thereby moving towards a substance-over-form approach and limiting the opportunity for corporate taxpayers to rely on a literal interpretation of the law. These concepts are, however, formulated quite broadly, and are open to different interpretations. In 2017, the concepts were introduced as provisions of the tax law – the Russian Tax Code was amended by Article 54.1, according to which it is not permitted to reduce the taxable base as a result of misrepresentation of information about business activities. The taxable base may be reduced provided this reduction is not a main purpose of the business transaction and the liability under the transaction is executed by the party of the contract concluded with the taxpayer (or by another person to whom the obligation was properly assigned). However, the status of the concepts in the Russian legal system is still unclear. The views of the highest courts are also somewhat volatile and may change within a relatively short period of time.

All of this suggests there is a risk of uncertainty with regards to Zaim's tax position, and that the outcomes of any dispute with the Russian tax authorities would be unpredictable.

Repeated tax audits and extension of liability beyond the limitation period may result in additional tax assessments

Tax returns in Russia remain open and subject to tax audits by the tax authorities for a period of three calendar years immediately preceding the year in which the decision to conduct a tax audit is taken. However, the fact that a particular tax period has been reviewed does not, in certain cases limited by law, automatically exclude the possibility of a repeat review of the same period by a higher tax body. Any such review could, if it is concluded that Zaim had significantly underpaid taxes relating to such periods, have a material adverse effect on Zaim's business, financial condition, results of operations and prospects.

Russian tax legislation provides for a three-year statute of limitations in respect of imposition of fines for underpayment of taxes and other tax offences. At the same time the law allows extension of the three-year statute of limitations if the taxpayer actively obstructed or hindered tax audit. These provisions are, however, unclear and may be broadly interpreted by the tax authorities with the purpose to apply penalties beyond the three-year term, and there is no guarantee that the tax authorities will not review Zaim's compliance with applicable tax law beyond the said three-year limitation period.

Changes in tax law and practice may reduce any net returns for Investors

The tax treatment of shareholders of the Company, any special purpose vehicle that the Company may establish and any company which the Company may acquire are all subject to changes in tax laws or practices in England and Wales or any other relevant jurisdiction. Any change may reduce any net return derived by Investors from a shareholding in the Company.

There can be no assurance that the Company will be able to make returns for Shareholders in a tax-efficient manner

It is intended that the Company will structure the Group to maximise returns for Shareholders in as fiscally efficient a manner as is practicable. The Company has made certain assumptions regarding taxation. However, if these assumptions are not correct, taxes may be imposed with respect to the Company's assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or Shareholders in certain jurisdictions). The level of return for Shareholders may also be adversely affected. Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to Shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for Shareholders.

PART III

CONSEQUENCES OF A STANDARD LISTING

Application will be made for the Ordinary Shares to be admitted to listing on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings. Listing Principles 1 and 2 (but not 3 to 6) as set out in Chapter 7 of the Listing Rules also apply to the Company, and the Company complies with such Listing Principles.

However, while the Company has a Standard Listing, it is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. The Company has not and does not intend to appoint such a sponsor in connection with the Placing and Admission;
- Chapter 9 of the Listing Rules relating to continuing obligation. It should be noted that the Company is not subject to restrictions relating to further issues of shares, issuing shares at a discount in excess of ten (10) per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions. It should be noted therefore that any acquisition will not require Shareholder consent, even if Ordinary Shares are being issued as consideration for an acquisition;
- Chapter 11 of the Listing Rules regarding related party transactions. Nevertheless, pursuant to LR 14.3.25R the Company is obliged to comply with DTR 7.3 (related party transactions) which requires the Company to establish procedures to establish and maintain adequate procedures, systems and controls to enable it to assess whether a transaction or arrangement with a related party is in the ordinary course of business and has been concluded on normal market terms. There is also an announcement obligation for related party transactions of a material size.as more fully described in LR 14.3.25;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Ordinary Shares. In particular, the Company has not adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2.; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company so to comply.

PART IV

IMPORTANT INFORMATION

In deciding whether or not to invest in New 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 or the Directors. Without prejudice to the Company's obligations under the FSMA, the Prospectus Rules, Listing Rules and Disclosure Guidance and Transparency Rules, neither the delivery of this Document nor any subscription made under 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 the Directors or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The section headed "Summary" should be read as an introduction to this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole by the Investor. In particular, Investors must read the sub-section headed "What are the key risks that are specific to the issuer?" of Section 4(b) – Key Information on the Issuer and the sub-section headed "What are the key risks that are specific to the securities?" of Section 4(c) – Key Information on the Securities of the Summary together with the risks set out in the section headed "Risk Factors" beginning on page 11 of this Document.

This Document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer or invitation to subscribe for or buy, any Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation. The distribution of this Document and the offering of the Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons outside the United Kingdom who obtain possession of this document are required by the Company or the Directors to inform themselves about, and to observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of, this Document under the laws and regulations of any territory in connection with any applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such territory. No action has been taken or will be taken in any jurisdiction by the Company or the Directors that would permit a public offering of the Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Document other than in any jurisdiction where action for that purpose is required. Neither the Company nor the Directors accepts any responsibility for any violation of any of these restrictions by any other person.

The Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction in the United States, or under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Ordinary Shares may not be, offered, sold, resold, reoffered, pledged, transferred, distributed or delivered, directly or indirectly, within, into or in the United States, Australia, Canada or Japan or to any national, resident or citizen of Australia, Canada or Japan.

The Ordinary Shares have not been approved or disapproved by the SEC, 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 Ordinary 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.

Investors may be required to bear the financial risk of an investment in the Ordinary Shares for an indefinite period. The Ordinary Shares are not transferable except in compliance with the restrictions described in "Part XV – Notices to Investors".

Selling and transfer restrictions

Prospective Investors should consider (to the extent relevant to them) the notices to residents of various countries set out in "Part XV – Notices to Investors".

Investment considerations

In making an investment decision, prospective Investors must rely on their own examination, analysis and enquiry of the Company, this Document and the terms of the Placing, including the merits and risks involved. The contents of this Document are not to be construed as advice relating to legal, financial, taxation, investment decisions or any other matter. Prospective Investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of the Ordinary Shares or distributions by the Company, either on a liquidation and distribution or otherwise. Prospective Investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's objective will be achieved.

It should be remembered that the price of the Ordinary Shares, and any income from such Ordinary Shares, can go down as well as up.

This Document should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles of Association of the Company, which Investors should review.

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", "may", "will", "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board of Directors concerning, among other things: (i) the Company's objective, acquisition and financing strategies, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; and (ii) future growth in loan book and implementation of active management strategies, including the move to a more online focused business. 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. Forward-looking statements are not guarantees of future performance. The Company's actual performance, results of operations, financial condition, distributions to shareholders and the development of its financing strategies may differ materially from the forward-looking statements contained in this Document. In addition, even if the Company's actual performance, results of operations, 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. Important factors that may cause these differences include, but are not limited to:

- the Company's ability to deploy the Net Proceeds on a timely basis;
- the availability and cost of equity or debt capital for growing the loan book; and
- legislative and/or regulatory changes, including changes in taxation regimes.

Prospective Investors should carefully review the "Risk Factors" section 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 paragraph constitutes a qualification of the working capital statement contained in paragraph 11 of "Part XIV – Additional Information".

Forward-looking statements contained in this Document apply only as at the date of this Document, however for the avoidance of doubt this does not in any way seek to qualify the working capital statement. 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 unless it is required to do so by virtue of its obligations under the Market Abuse Regulation, Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules.

Currency presentation and exchange rate information

Unless otherwise indicated, all references to "British pound sterling", "sterling", "£" or "pounds" are to the lawful currency of the U.K. The Company prepares its financial statements in pound sterling. All references to Russian Roubles or "RUB" are to the lawful currency of the Russian Federation. Zaim prepares its financial statements in Russian Roubles and the exchange rates used for the conversion rates used for the conversion into sterling in the financial statements of Zaim are as follows:

	YE 2016	*YE 2017*	*YE2018*
Russian Roubles: Sterling	75.6	77.8	88.4

The rate used for the conversion of all other figures in this Document from Russian Roubles into sterling is: 0.012.

All references to the "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. The rate used for the conversion from Euro into sterling is: 0.88.

No incorporation of website

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

Definitions

A list of defined terms used in this Document is set out in "Part XVI – Definitions" beginning at page 164.

Third Party Data

Where the 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 as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Document, the source of such information has been identified.

PART V

EXPECTED TIMETABLE OF PRINCIPAL EVENTS, STATISTICS AND DEALINGS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	30 October 2019
Admission and commencement of unconditional dealings in Ordinary Shares	8.00 a.m. on 4 November 2019
Crediting of Ordinary Shares to CREST Accounts	4 November 2019
Ordinary Share certificates dispatched	Week commencing 11 November 2019

All references to time in this Document are to London time unless otherwise stated.

STATISTICS

Number of Existing Shares	326,000,000
Number of Fundraise Shares being issued	104,000,000
Number of Fee Shares being issued	6,975,000
Total number of Ordinary Shares in issue following the Fundraise and Admission	436,975,000
Fundraise Price per New Ordinary Share	£0.025
Gross proceeds of the Fundraise	£2.6 million
Estimated expenses of the Fundraise and Admission (exclusive of VAT)	£500,000
Estimated Net Proceeds receivable by the Company	Approximately £2,100,000
Market capitalisation of the Company at the Fundraise Price on Admission	Approximately £10.924 million

DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GB00BK5T9G03
SEDOL	BK5T9G0
TIDM	ZAIM

PART VI

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors:	**Simon** James Retter – *Finance Director* **Siro** Donato Cicconi – *Chief Executive Officer (“CEO”)* **Vladimir** Golovko – *Chief Operating Officer (“COO”)*
Proposed Directors:	Maurice (‘**Malcolm**’) James Malcolm Groat – *Non Executive Chairman* **Paul** James Auger – *Non Executive Director*
Company Secretary:	Simon James Retter
Registered Office:	C/O Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Principal Place of Business/ Operating address:	Room No.1 -12, Structure 7 Trekhgorny Lane Moscow Russia 123022
Broker and Placing Agent:	Optiva Securities Limited 49 Berkeley Square London W1J 5AZ
Financial Adviser:	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB
Reporting Accountants:	BDO LLP 55 Baker Street London W1U 7EU
Company’s Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DQ
Zaim’s Auditors:	LLC FinExpertiza Leningradsky prospekt 47/3, Moscow Russian Federation 125167
Registrar:	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD

Legal advisers to the Company as to English law	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Legal advisers to the Company as to Russian law	Ingvarr Advisory and Trust LLC Rochdelskaya Street, 20 Moscow Russia 123022
Legal advisers to the Company as to Luxembourg Law	Bonn & Schmitt Avocats 148, Avenue de la Faïencerie L-1511 Luxembourg

PART VII

THE COMPANY, ITS BOARD AND ITS STRATEGY

1. Introduction

The Company is the holding company of a Russian based financial services company Zaim Express LLC ("Zaim" or ("Zaim Express LLC")). In 2011, Zaim entered Russia's burgeoning microfinance sector following the introduction of the Microfinance Business Law which enabled non-bank institutions to provide loans to citizens and companies. On 29 August 2011, Zaim was authorised to conduct microfinance activities and included on the State Registry of Microfinance Organisations (the "Registry") maintained initially as a microcredit organisation ("MCO") by the Russian Ministry of Finance and later, by the Central Bank of Russia ("CBR"). In 2016, Zaim obtained its current status as an MCC which allows it to engage in microfinance activity in the territory of the Russian Federation.

Since obtaining its authorised status, Zaim has developed a bespoke IT system, created a distribution network and raised debt capital to fund its loan book. In 2014, Zaim commenced trading in the Moscow region initially making loans from funds provided by shareholders. Since that time Zaim has developed its retail distribution outlets and it is currently operating just over 95 sites located predominantly in Moscow and to a lesser extent, other urban areas of Western Russia, including St. Petersburg and Volgograd. The Company's loan book as at 31 December 2018 was approximately £29.2 million. It is now one of the largest microfinance companies in the Moscow region of Russia calculated by the annual value of loans made.

Zaim's strategy has been primarily focused on reaching consumers who have difficulty in accessing traditional banking services. Zaim has primarily focused on establishing branches near to densely populated residential communities in urban areas, as well as locations near to the transport infrastructure of Moscow. Zaim has also developed a pre-paid MasterCard a "Zaim Express" card. Zaim is able to credit low balances directly to those cards, which customers can then spend online or via a POS terminal; or withdraw at an ATM. The Group is now seeking to diversify its offering to take advantage of the increasing availability of POS Devices that facilitate card payments and the proliferation of mobile devices and improved access to the internet, which increase retail customer's ability to organise their finances online.

The Group is planning to apply to upgrade its status from a MCC company to an MFC company in order for Zaim to access a wider pool of capital and operational tools. As an MCC, Zaim is prohibited from receiving funding from individuals who are not shareholders of the relevant MFC and also its product range is more limited. However, upgrading to MFC status is not crucial to the Group's growth strategy.

Going online will enable Zaim to access areas outside of the urban areas where it has a physical footprint, with minimal additional capital or operating cost. Zaim also intends to use the proceeds of the Placing to increase distribution of Zaim's Express Card within targeted locations based upon consumer data and to its increasing online customer base.

2. The Market for Microfinance in Russia

Microfinance involves providing individuals with small credits, or loans to help them to cover small expenses who typically do not have access to the banking system. Borrowers are typically of low or unstable income, typically receiving payment of their salaries on a weekly or bi-weekly basis.

Microfinance in Russia began in the 1990s in the post-Soviet era. Until 2010, the provision of consumer loans was largely an unregulated market segment. That started to change with the adoption of the Microfinance Business Law in 2010 that created the microcredit companies ("MCCs"), a new special category of financial organisations. MFOs were permitted to provide loans on a regular basis subject to strict banking regulations.

Although some banks structured their consumer lending arms as MFCs, due in part to the financial crisis in Russia in 2014 and 2015 the banking sector largely neglected small businesses and the less well-off section of society. Many low-income households therefore do not have access to credit from traditional commercial credit institutions since they do not have enough collateral. It is estimated that approximately 67 per cent. of the Russian adult population have access to bank accounts and only

21 per cent. of Russian adults have credit cards, which are primarily used for withdrawing cash. As at 1 January 2019, there were fewer than 500 banks operating in Russia, whereas, in 2013 Russia had a total of 956 banks in operation. Over the past 5 years, the CBR has revoked approximately 400 banking licences. As at 2018, the government's stake in the Russian banking sector had risen two-thirds as a result of the country's largest banks undergoing financial rehabilitation. This combined with the low social security protections in Russia hastened by the onset of the financial crisis and the growth of the Russian free-market economy has driven those on low or unstable incomes to seek alternative sources of finance.

Following the introduction of the Microfinance Law and the disengagement of the core banking sector from the microfinance sector, the sector grew rapidly from 21 million Russian Roubles (approximately £250,000) of loans made during 2012 to 150 billion Russian Roubles (approximately £1.8 billion) of loans made during 2018.

This growth was driven by increased demand from those with lower income levels who were attracted by the ease with which the finance could be obtained at a location local to them and the relatively simply formalities required to obtain the loan. A lot of businesses were also attracted to the sector by the potentially high interest rates which averaged 600%.

Since 2014, the CBR has been implementing reforms in the microfinance sector to ensure consumer protection, increase levels of transparency and quality of services in the sector, and this has led to introduction of minimum capital requirements and economic ratios for microfinance institutions, requirements in relation to accounting and risk management procedures, maximum interest rates and charges, limitation on total amount of liability in consumer loan products, etc. According to CBR statistics, the number of MCOs decreased from 4,200 as at 31 December 2014 to 1,995 as of 30 April 2019, representing a reduction of approximately 52.5%. Additional restrictions on consumer loans came into effect on 1 July 2019, reducing the daily interest rate of 1% and a maximum recovery amount representing a sum of interest, penalties and other charges and commissions being limited to 200% of the principle amount of the loan ("Maximum Recovery Rate"), the Maximum Recover Rate will be reduced to 150% of the principle amount of the loan from 1 January 2020, which could result in a further reduction in the number of MCC's and MFC's operating in the sector. As of the end of 2018, the volume of issued micro loans amounted to about 320 billion Russian Roubles (approximately £3,964,249.60). As of the end of 2018, the total value of issued micro loans amounted to about 320 billion Russian Roubles. At the end of 2018, the value of micro loans issued by microfinance institutions grew by more than a third, from 113 billion Russian Roubles at the beginning of the year to more than 152 billion Russian Roubles at the end. Also in the first quarter of 2019, the total value of micro loans issued to individuals continued to grow, and by February 2019 it grew by 7.2% across Russia.

3. Future Trends in Microfinance in Russia

Presently Microfinance services are used by a very low percentage of the Russian population put at 1-2%. However, according to Rosstat, about 47 million of Russians do not have access to traditional banking services mostly through borrowers being rejected due to a credit mark in their credit history. These potential microfinance customers have suffered four years of real wage deflation[2] resulting from the continued devaluation of the Rouble against major currencies, which has reduced purchasing power[3]. This difficult financial climate has contributed to a large number of Russians living at or near the poverty line (in 2017 13.2%[4] of the population had incomes below the poverty line). This the Directors believe has created a significant segment of the Russian population with income levels where they could potentially benefit from micro lending services. The current source of finance for Russians on low incomes is often informal, very often illegal and expensive funding sources and microfinance represents a more reliable, cheaper and safer option. There is a particular need in the Russian regions further from Moscow and rural areas where the poorest are concentrated and where bank coverage is at its thinnest.

Therefore, the Directors believe that in the future there is potential for the Microfinance market to grow at least 20% per year. The Directors also expect the number of micro credit companies in the market to decline further as the smaller players are unable to comply with tighter regulation and being equipped

2 https://tradingeconomics.com/russia/wage-growth

3 https://www.themoscowtimes.com/2018/12/27/russians-real-income-set-to-fall-again-in-2019-a63986

4 https://www.themoscowtimes.com/2018/05/17/dozens-russian-lawmakers-file-incomes-below-poverty-line-a61482

to meet the tighter capital requirements of the CBR has imposed which decrease the differences between banks and micro credit companies. This reform should also enhance the creditability of the microfinance sector and this should encourage more consumers to use microfinance companies to obtain access to credit.

Demand for microfinance services is particularly prevalent online. Estimates from early 2019 place internet penetration at approximately 76% and the number of Russians having access to the internet being over 100m[5]. In 2018, 31% of micro loans were applied for online amounting to 41 billion Russian Roubles of loans, this is almost 70% more than in 2017. In terms of loans made by Zaim to individuals, the online segment of the portfolio grew by 18% in 2017 and by 34% in 2018, with some analyst predicting that it will grow to 70% by 2022. Currently, only 35% of MFCs already provide micro loans on the Internet, by 2020 this share is expected to reach 50%. This means that more loans will be issued by remote means and on electronic payment wallets.

4. Group's Business

Zaim's core product is providing microloans to Russian consumers. Zaim provides its loans in cash and on its Zaim Express branded bank cards. Loans offered are 30,000 Russian Roubles or less with a maximum duration of 30 days. The standard interest rates on these loans was 547.5% as of 1 February 2019, but as of 1 July 2019 the maximum interest rate was capped at 365% p.a with a Maximum Recover Rate of 200%.

The Zaim Express Card functions in much the same way as a debit card issued by a traditional bank, save that the consumer is limited to using the funds loaded to the bank card and Zaim does not provide overdraft facilities.

Zaim's loans have historically been distributed by the Group's existing outlets which predominantly target a relatively small densely populated residential communities, as we all as being within walking distance of transport infrastructure and being approximately 10 to 30 sq. m in size. The client base of these outlets typically lives very locally to a Zaim outlet. Zaim's customers take out loans on average two to three times per calendar year and approximately 50% of Zaim's existing customers are repeat customers. Although this provides a stable base, the growth of the outlets is limited by their geographical reach which is typically less than two miles from the consumer's residence.

5. Group's infrastructure

A key component of the Zaim's business offering is its bespoke IT platform that managed and executes client acquisition, scoring assessment and financing authorization within 7-8 minutes. All back-office functions are fully automated and managed by its integrated IT system, which includes:

- automatically generating important customer communications, including, notifying customers of key repayment date;
- call centre personnel will be provided with a instructions to contact customers regarding overdue payments on a pre-assigned date to assist with debt collection; and
- in the event that loans are not repaid and are considered bad debts or where a consumer is otherwise declared bankrupt, such claims will be submitted to the relevant Court or state agency (as applicable) for adjudication.

It is this level of automation that currently allows the Zaim Business to efficiently process large volumes of micro size transactions.

The Group's IT system is set up to receive data from the Group's preferred credit bureaux and independent referencing agencies (including Equifax). These data sources which when combined with Zaim's own scoring algorithm assess the credit worthiness of borrowers. Zaim's scoring algorithm is a mathematical multi-parameter regression model that forecasts the likelihood of default of the client on the base of information about the client in the moment of approval of the loan application: application data, our data base information, the Bureau of credit history and other third party sources. Zaim undertakes a regular review of the model's parameters to determine whether any fine tuning is required. This system has been successful in reducing the number of non-performing loans for first time client

5 10 key statistics on internet usage in Russia, Alyssa Yorgan.

which have reduced Defaults by 13% and decreased Defaults from repeat customers from 14% to 8-9%. since the introduction of the current system. Zaim customers may repay loans in-store, via its call centres, through its website and internet banking. The Company has developed a number of convenient alternative methods of making repayment.

Zaim's customers may also repay their outstanding loans by using QIWI's e-wallet, which is one of the most popular e-wallet in Russia. Customers may load cash onto their QIWI wallet by various methods, including, at POS terminals, ATMs and at dedicated QIWI kiosks. Consumers may use QIWI's dedicated kiosks to repay their loan with Zaim and to undertake a wide variety of transactions, including repayment of bills to utility companies, mobile phone providers and to complete other online purchases. QIWI operates approximately 170,000 kiosks throughout Russia and has a customer base of 65 million customers, who pay more than 39 billion Russian Roubles each month. Zaim is also able to use QIWI "*Contact*" Payment System which enables Zaim to provide an online application to obtain a cash loan in any region of Russia.

6. Group's Strategy

In 2018, the Group eliminated a substantial amount of its historic debt thereby significantly reducing associated interest payments which resulted in a pro-forma profit for the year ended 31 December 2018 of approximately £835,000 (see the Operating and Financial Review set out in Part IX of this Document for more detail). This pro-forma profit also reflected the rationalisation of stores operated by Zaim in 2017 and 2018 from a peak of approximately 250 to over 95 stores. The strategy includes the maintenance of these core stores to enable lending to higher quality customers including a number of repeat customers (with comparably low historic Default Rates) at a similar level along with the development of the Group's online platform which should allow for growth in the lending book and the number of loans made without the capital and operational expenditure of a purely store based model. In addition, the Company will continue to refine its lending and credit ratings' criteria based on experience to reduce Default rates and thereby improve operating margins. The Directors believe that these factors will enable the Group to grow revenue and operating margins following Admission.

The Group's main strategy is therefore to develop and improve its online offering and to grow the number of customers obtaining loans online through Zaim's online presence. As no significant capital has yet been deployed to promote the "Zaim" brand online it does not currently have a strong online presence. The Board is currently planning to review its website branding and functionality post Admission to enhance the user experience and to differentiate it from other operators in the Russian Microfinance sector that use the words "Zaim" and/or "Express" in their branding as they are commonly used terms in Russia. In time the Company also currently plans to explore the creation of sub brands based on marketing channels to assist in evaluating the effectiveness of different marketing strategies and to further differentiate Zaim's activities from those of its competitors.

The Directors intend that not less than 50% of net proceeds will be used to grow the online loan book using targeted online lead generation and search engine optimisation. Part of the proceeds will also be used to develop the Group's online presence to enhance its attractiveness and differentiate it from the competition. The Board will aim over the next 12-18 months to continuously grow the online loan book, which the Directors believe can be achieved with minimal further capital expenditure, as a result of the historic investments made by Zaim in its IT platform. The Board believes there is a significant opportunity to gain market share (35% growth in 2018). This is compounded by the number of competitors being reduced due to increased regulation.

It is the Board's belief that the Net Proceeds and the NA Loan, until such time as it is repaid or rolled forward for a further period, will be sufficient to execute this strategy when combined with the cash generated from its lending operations. The key aspect of the Board's strategy is that it believes that Zaim will be able to significantly grow its loan book online without materially increasing the operating costs or head count. This results from the historic investments in Zaim's infrastructure and its human resources, which provide a favourable platform for growth.

Zaim, as an MCC, in 2019 gained access to the Russian Unified Identification and Authentication System (USIA) for the purpose of undertaking client identification checks in respect of loans not exceeding 15,000 Roubles. The USIA is a state-controlled system commonly used by Russian citizens to access various state services, such as online payment of state duties and fines, various remote registrations and applications. An individual may use the USIA for the purpose of confirming their identity and Zaim can therefore rely upon verification provided by the USIA in respect of a consumer loan not exceeding 15,000 Roubles. As at 5 December 2018, over half of the Russian population (*Source: Rostelecom release 5 December 2018*), approximately 84 million Russian citizens had registered with the USIA system. In addition, from 1 October 2019 Zaim, as an MCC, is able to connect to the State database in order to make a request to the State database for cross verification of data provided by the customer and for verifying the mobile phone number of the customer through an acknowledged secret text. This change also enables Zaim to carry out these cross checks through banks or other credit organisations. Access to these cross checks is particularly important as they enable Zaim to take on clients without necessitating a face to face meeting. By reducing the requirement for 'face to face' meetings or the acceptance by the Company of self-certified ID documents, enables the Group to provide an online offering to customers in other parts of Russia in a manner which is reliable and less susceptible to fraud.

Zaim has already invested a significant amount of time developing an online platform, which enables banking through call centres, mobile banking and Internet banking, to approach potential customers.

The Company is planning to apply for Zaim to have its regulatory status upgrade from an MCC to a Microfinance Company ("**MFC**") in order to possibly access a wider pool of capital, for example by taking retail deposits, and utilise a wider range of operational tools. Unlike an MCC, an MFC can take deposits from individuals, although this is not the Group's intention, and has less limitations on the products it can offer. The Group's growth strategy as set out above is not dependent on an upgrade to MFC status.

7. Acquisition of Zaim

On 10 September 2019 the Company acquired a 100 per cent. stake in Zaim. The initial consideration paid by the Company for the entire issued share capital of Zaim was 320,000,000 Ordinary Shares in the Company and deferred consideration of a further:

- 16,000,000 new ordinary shares in the Company if the Company's EBITDA reaching a minimum of £200,000 pcm for minimum of 4 months and expected to not fall below that level for further 6 months; and
- 16,000,000 new ordinary shares in the Company if the Company's EBITDA reaching a minimum of £350,000 pcm for minimum of 4 months and expected to not fall below that level for further 6 months.

8. Use of Proceeds

It is anticipated by the management of the Company that the Net Proceeds of the Fundraise will be used as follows:

- £1,200,000 to be advanced to Zaim to grow its loan book;
- £400,000 for general working capital and administration costs (including online and direct mail marketing); and
- £500,000 as a further contingency.

9. Directors, Proposed Directors, Senior Management and Corporate Governance

The Directors and Proposed Directors believe that the Board has sufficient knowledge and experience of the micro finance sector and the operation of listed companies to operate the Company successfully. The Board will supervise the actions of the management teams of Zaim all of whom are based in Russia and who operate the business day to day.

Brief biographies for each of the Directors and Proposed Directors are included below.

Directors

Siro Donato Cicconi *(aged 53) – Chief Executive Officer*

Siro is an experienced Italian executive director that has worked for and advised numerous businesses in Italy many of which were in turnaround or distressed situations. In late 1990's Siro advised on fundraisings for strategic R&D projects of many organisations (including Alfa Gomma Group and Benelli Motors SpA), which involved managing relations with European, Italian and local financial administrations. He also assisted several other industrial groups to raise finance for their acquisition plans. From 2005 until 2010 he provided corporate finance advice to several businesses. Between 2011 and 2013 he was appointed Managing Director of IMT SpA, a large Italian manufacturer of drilling equipment, to turnaround that business. After finishing this role he become managing director of EER to fund Zaim and managed the rationalisation of Zaim's operations and returned it to profitability.

Simon James Retter *(aged 37) – Finance Director*

Simon started his career at Deloitte & Touche LLP (now known as Deloitte LLP), where he qualified as a Chartered Accountant specialising in corporate finance transactions. Simon has undertaken numerous IPO's and Reverse Takeovers and has a wealth of public market experience. He currently holds the position of Chief Financial Officer of AIM quoted Horizonte Minerals Plc as well as various other board positions on listed companies across a broad range of industries. Simon holds the position of Finance Director of SulNOx Group plc which has developed an innovative fuel conditioner to reduce harmful emissions from diesel and HFO combustion engines.

Vladimir Golovko *(aged 45) – Chief Operating Officer*

Vladimir was previously the COO of Zaim from inception in 2011 prior to becoming CEO. Prior to joining Zaim he was General Manager of the Pyaterochka retail chain (a franchisee network) (2004 – 2011) and had previously been Communication Director (1999-2011). Vladimir also previously worked for Uniland (the largest wholesale company in Russia at the time) as Sales & Marketing Manager, Uniland is now operating as a supermarket chain, DIXY. Vladimir graduated from Volgograd branch of Moscow State University of Commerce in 1997 with a degree in management.

Proposed Directors

Malcolm Groat *(aged 58) – Non-Executive Chairman*

Mr Groat is a Chartered Accountant and MBA graduate. Following an early career with PwC in London, he held CFO, COO and CEO roles in international businesses, including with the construction engineering firm that is now Arcadis. Since 2005, Mr Groat has held non-executive board positions, mainly with growth ventures listed on AIM and the main market but also with larger bodies such as the UK's former Milk marketing Board, Corps Security, and Baronsmead Second Venture Trust PLC. Mr Groat chaired a Singapore-based consulting firm (2010-2012) and a UK-based technology group (2013-2015) that enables secure and fast IT connectivity for financial institutions and military applications around the world.

Paul James Auger *(aged 55) – Non-Executive Director*

With a career of over 30 years in finance and lending, Mr Auger has been a director of Essex based and FCA regulated mircolender TFS Loans Limited ("TFS") for over 10 years. Established by Paul in 2009, TFS is focused on the guarantor loans market and currently offers guaranteed loans under £15,000 to retail consumers. Established in 2009, TFS was initially authorised by the Office of Fair Trading until responsibility was transferred to the FCA in April 2014 when it was given interim authorisation until its full authorisation was granted by the FCA at the end of 2016.

Senior Management Team

Andrey Katyshkov *(aged 38) – Chief Financial Officer*

Mr Katyshkov graduated from the Moscow State University of economics, followed by post graduate studies at Moscow Financial Industrial Academy. Mr Katyshkov joined Zaim at the beginning of 2018 as CFO and had previously spent 10 years working for Basic Element – one of the biggest investment funds in Russia working in corporate finance. Mr Katyshkov worked with GIP Group between 2011 until 2012, acting as an investment specialist within its investment department. Prior to this, Mr. Katyshkov working worked as an investment analyst with fund manager, Ost West Group, from 2002 until 2006.

Mr Katyshkov graduated from Moscow State University of Economics, Statistics and Information Systems in 2003 with degree in finance, followed by post graduate studies at Moscow Financial Industrial Academy which he completed in 2006.

Vildan Vegerio *(aged 38) – Head of Network Management*

Prior to his appointment as Head of Network Management of Zaim Express LLC in 2016, Mr Vegerio worked with the company as a senior customer relationship specialist since 2011. Mr Vegerio graduated from International Slavic Institute with degree in economics in 2011.

Alexander Akhmetov *(aged 34) – Head of Legal Department*

Mr. Akhmetov joined Zaim Express LLC in 2011 first as legal counsel and starting from 2014 as Head of Legal Department. Prior to joining Zaim Express LLC. Mr Akhmetov worked for a law firm called Yurconri before practising at the Arbitration Court for the Moscow Region. He then joined Zaim in 2011. Mr. Akhmetov graduated from Moscow Engineering Physics Institute in 2007 with degree in accounting and subsequent graduated Moscow State Law Academy in 2011 with degree in law.

The Company Secretary

Simon James Retter is the Company Secretary of the Company.

Directors' fees

Details of fees payable to the Directors under the terms of their appointment letter and or service agreements are summarised in paragraph 7 of "Part XIV – Additional Information" of this Document.

10. Strategic decisions

Members and responsibility

The Directors are responsible for carrying out the Company's objectives, implementing its business strategy and conducting its overall supervision.

The Board will provide leadership within a framework of prudent and effective controls. The Board will establish the corporate governance values of the Company and will have overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company.

Corporate governance

The Company is not required to comply with the UK Corporate Governance Code, which is applicable to all companies whose securities are admitted to trading to the premium segment of the Official list.

Nevertheless, the Directors are committed to maintaining high standards of corporate governance and propose, so far as is practicable given the Company's size and nature, to voluntarily adopt and comply with the QCA Code. However, at present, due to the size of the Company, the Directors acknowledge that adherence to certain provisions of the QCA Code may be delayed until such time as the Directors are able to fully adopt them.

The Company will hold timely board meetings as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Company and establishing the policies of the Company. It is the Directors' responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company, on behalf of the Shareholders, to whom they are accountable. The primary duty of the Directors is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Company's approach to risk management.

The Directors have established an audit and remuneration committee, but the Company will not have a nomination committee on Admission. The Board do not consider it appropriate to establish a nomination committee at this stage of the Company's development, and decisions usually undertaken by those committees will be taken by the Board as a whole.

Audit committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by the Group's external auditors, advising on the appointment of such external auditors, overseeing the Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Group's internal control and review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. The audit committee will meet not less than twice a year.

The Audit Committee is chaired by Malcolm Groat, and its other member is Paul Auger. The Directors consider that Simon Retter has recent and relevant financial experience.

Remuneration committee

The Group has established a Remuneration Committee, which will comprise Malcolm Groat as Chairman and Paul Auger, which will review the performance of the Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of Shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee will seek to enable the Group to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of any share awards. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

Market Abuse Regulation

As at the date of this Document, the Board has adopted a share dealing code that complies with the requirements of the Market Abuse Regulation.

The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the MAR by the Directors and persons discharging managerial responsibilities. The FCA is the competent authority for MAR and has powers to intervene as competent authority and will be responsible for the investigation and enforcement of breaches of MAR. As at the date of this Document, the Board has adopted a share dealing code and procedures which it considers appropriate to ensure compliance with MAR.

11. Dividends

The Directors recognise the importance of dividends to Investors and as soon as the Zaim Business is at a mature state of development, the Directors will review the desirability of paying dividends.

Income generated by the Company in the near term is likely to be re-invested by the Company to implement its strategy.

As a holding company, the Company will be dependent upon dividends being declared and paid by its subsidiary. The Board does not anticipate declaring dividends in short term, but it may recommend dividends at some future date, depending upon *inter alia* the Zaim Business demonstrating sustainable profits and the financial position of the Company. The Board can give no assurances that it will pay dividends in the future, nor, if a dividend is paid, what the amount of such dividend will be. Other than as set out in this paragraph 11 the Company does not have a dividend policy.

PART VIII

THE PLACING, SUBSCRIPTION AND USE OF PROCEEDS

1. Description of the Placing

As at the date of this Document, the Company has 326,000,000 Ordinary Shares in issue and the balance of the Company's share capital account in respect of such Ordinary Shares is £60,000.

Under the Placing, 53,200,000 new Ordinary Shares are being made available to Investors at the Placing Price of £0.025 per New Ordinary Share, which is expected to raise gross proceeds of £1,330,000.

The Placees are institutional and other investors including high net worth and retail investors. The Placing is being undertaken by Optiva Securities Limited, the Company's Broker.

The Placing is conditional only on Admission occurring and becoming effective by 8.00 a.m. London time on or before 4 November 2019 (or such later date as may be agreed with Optiva, Beaumont Cornish and the Company), but in any event no later than the Placing Long Stop Date and the Placing not having been terminated by Optiva in accordance with the terms of the Placing Agreement.

If Admission does not occur by such date, the Placing will not proceed and all monies paid by the Placees will be refunded to the applicants. In accordance with Listing Rule 14.3, at Admission at least 25 per cent. of the Ordinary Shares of this listed class will be in public hands that is distributed to the public in one or more EEA States (as defined in the Listing Rules).

2. Description of the Subscription

Under the Subscription, 50,800,000 new Ordinary Shares are being made available to Subscribers at the Fundraising Price of £0.025 per New Ordinary Share which is expected to raise gross proceeds of £1,270,000.

The Subscribers are family offices and other high net worth investors. The Subscription is conditional only on Admission occurring and becoming effective by 8.00 a.m. London time on or before 4 November 2019 (or such later date as may be agreed with Subscriber and the Company), but it any event no later than the Subscription Long Stop Date. If Admission does not occur by such date, the Subscription will not proceed and all monies paid by the Subscribers will be refunded to the applicants.

3. Admission, dealings and CREST

The Placing is conditional on Admission occurring on or before 4 November 2019 or such later date as Optiva, Beaumont Cornish and the Company may agree, but in any event not later than the Placing Long Stop Date.

The Subscription is conditional on Admission occurring on or before 4 November 2019 or such later date as the relevant Subscriber and the Company may agree, but in any event not later than the Subscription Long Stop Date.

Applications will be made to the FCA for all of the Enlarged Share Capital to be admitted to the Official List (Standard Listing) and to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to take place, and unconditional dealings in the Ordinary Shares are expected to commence, on the London Stock Exchange at 8.00 a.m. on 4 November 2019.

Dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings in Ordinary Shares prior to commencement of unconditional dealings will be at the sole risk of the parties concerned. The expected date for electronic settlement of such dealings will be 4 November 2019. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a "when issued basis".

If the Fundraising does not become unconditional in all respects, any such dealings will be of no effect and any such dealings will be at the risk of the parties concerned. Where applicable, definitive share certificates in respect of the Ordinary Shares to be issued pursuant to the Fundraising are expected to be dispatched, by post at the risk of the recipients, to the relevant holders within seven days of Admission. The Ordinary Shares are in registered form and can also be held in uncertificated form pursuant to the CREST Regulations. Prior to the dispatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

4. Fundraising and Placing Price

All Ordinary Shares issued pursuant to the Fundraising will be issued at a price of £0.025 per Ordinary Share (the "Fundraising Price"), which has been determined by the Directors.

The Placing is conditional on, *inter alia*, the Placing becoming unconditional and not having terminated in accordance with its terms prior to Admission and Admission occurring and becoming effective by 8.00 a.m. London time on or before 4 November 2019 (or such later date as may be agreed with Optiva, Beaumont Cornish and the Company), but in any event no later than the Placing Long Stop Date and the Placing not having been terminated by Optiva in accordance with the terms of the Placing Agreement. The Subscription is conditional on Admission occurring and becoming effective by 8.00 a.m. London time on or before 4 November 2019 (or such later date as may be agreed by each Subscriber and the Company), but in any event no later than the Subscription Long Stop Date.

To comply with Listing Rule 14.2.2, the Board have ensured that a minimum of 25 per cent. of the Enlarged Share Capital has been allocated to investors whose individual and unconnected shareholdings will each equate to less than 5.0 per cent. of the Enlarged Share Capital, and who do not fall within any of the other excluded categories of investors in Listing Rule 14.2.2 (4). This means that at Admission at least 25 per cent. of the Company's issued share capital will be in public hands (as defined under the Listing Rules).

Conditional upon Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 4 November 2019 (or such later date as Optiva, Beaumont Cornish and the Company may agree, but in any event not later than the Placing Long Stop Date) each of the Placees and Subscribers agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares set out in his Placing Letter or Subscription Letter (as applicable). To the fullest extent permitted by law, investors will not be entitled to rescind their agreement at any time.

In the event that Admission does not become effective by 8.00 a.m. London time on, or prior to, 4 November 2019 (or such later date as Optiva, Beaumont Cornish and the Company may agree, but in any event not later than the Placing Long Stop Date), the Placees will receive a full refund of all monies subscribed. In the event that Admission does not become effective by 8.00 a.m. London time on, or prior to, 4 November 2019 (or such later date as agreed by each Subscriber and the Company but in any event not later than the Placing Long Stop Date), the Subscribers will receive a full refund of all monies subscribed.

The rights attaching to the Fundraise Shares will be uniform in all respects and all of the Ordinary Shares will form a single class for all purposes.

5. Payment

Each Placee has signed and returned a Placing Letter for the amounts payable under the Placing for their respective Placing Shares and settlement will be on a delivery versus payment basis within CREST. Each Subscriber has signed and returned a Subscribers Letter for the amounts payable under the Subscription for their respective Subscription Shares and have paid their subscription monies to the Company.

Liability (if any) for stamp duty and stamp duty reserve tax is as described in Part XI of this Document titled 'Taxation'.

6. CREST

CREST is the system for paperless settlement of trades in listed securities operated by Euroclear.

CREST allows securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer.

The Articles permit the holding of Ordinary Shares in uncertificated form under the CREST system.

Application has been made for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST System if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. An Investor applying for Ordinary Shares in the Placing may elect to receive Ordinary Shares in uncertificated form in the form if the Investor is a system member (as defined in the CREST Regulations) in relation to CREST.

7. Selling Restrictions

The Ordinary Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or in the United States except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

The Placing is being made by means of an offering of the New Ordinary Shares to certain institutional investors in the United Kingdom and elsewhere in the EEA.

8. Transferability

The Company's Ordinary Shares are freely transferable, free from all liens and are tradable and there are no restrictions on transfer.

9. Use of Proceeds

Set out below is a breakdown illustrating the priority in which the Company intends to allocate the gross proceeds from the Fundraising and an estimate of how the gross placing proceeds with be applied:

- £500,000 to cover Fundraising and Admission expenses
- £1,200,000 to be advanced to Zaim to grow its loan book
- £400,000 for general working capital and administration costs (including online and direct mail marketing)
- £500,000 as a further contingency

Notes:

The gross proceeds of the Fundraising (together with existing cash resource of the Company) will be used to pay the expenses of the Fundraising and Admission and further the Company's objective of growing the Zaim online presence and obtaining an MFC licence. The Net Proceeds (anticipated to be approximately £2,100,000) together with the existing cash resources of the Company (approximately £500,000 on the date of this document) will be held in an interest bearing deposit account.

PART IX

OPERATING AND FINANCIAL REVIEW

Significant factors affecting the Group's results of operations

This Part IX "Operating and Financial Review" should be read in conjunction with Part VII "The Company, Its Board and Its Strategy" and Part X "Historical Financial Information". Prospective investors should read the entire Document and not just rely on the summary set out below. The financial information considered in this Part IX "Operating and Financial Review" is extracted from the financial information set out in Part X "Historical Financial Information" as well Part X(I) "Unaudited interim financial information on Zaim Express LLC".

PART X (A), (B), (C), (D) of the Document presents the accountant's reports and audited historical financial information of the Company and Zaim Express LLC for the three years ended 31 December 2018. Within PART X (I) and (J) respectively, we present the unaudited interim financial information of the Company and Zaim Express LLC. BDO LLP have not reviewed or audited the interim half-yearly financial information of either the Company of Zaim Express LLC.

The following is what the Directors and the Company consider to be a fair review of the development and performance of the Group's business and its position for the period from 1 January 2016 to 30 June 2019. This review contains forward looking statements and the Group's actual results after 30 June 2019 could differ materially from those forward looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly under Part II "Risk Factors".

The financial information of the Company from incorporation to 31 December 2018 and six months ended 30 June 2019 and for Zaim as of and for the years ended 31 December 2016, 2017 and 2018 and six months ended 30 June 2019 have been prepared in accordance with IFRS.

Certain of the financial measures described below, such as Adjusted EBITDA, Adjusted Margin, are not financial measures calculated in accordance with IFRS. Accordingly, they should not be considered as alternatives to IFRS financial measures as indicators of the Group's performance. The Group's management uses these financial measures to assess its operating performance. In addition, the Directors believe that certain of these financial measures are commonly used by investors. However, the financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

The historical data below is not necessarily indicative of results of future operations and should be read in conjunction with "Use of Proceeds," "Capitalisation," "Selected Historical Financial Data," and the financial information which are included elsewhere in this Document.

1. Overview

The Group has one operating company, Zaim Express LLC, with a market share of approximately 0.75%. The Company was only incorporated on 15 June 2018 and has not traded during the period under review and therefore this section will focus on the activities of Zaim and also the status of the Group currently. Since Zaim's inception in 2011, it has focused on the provision of small unsecured loans with an average duration of approximately 20 days and average size of £110 (equivalent in Russian Roubles). The loan book has been funded through loans from its shareholder EER. This is discussed further at paragraph 2.6 below.

Zaim's loans are currently distributed from Zaim's network of approximately 95 physical stores in the Moscow and the surrounding regions. The Directors and the Proposed Directors believe its core loan product is a simple and transparent product. The Directors and the Proposed Directors believe its established customer facing processes ensure a clear and unambiguous agreement with full understanding between all parties and that lending decisions are made responsibly. Zaim has worked on developing its own unique business model based on its bespoke IT system and directly managed stores network. Since 2014, Zaim has raised significant capital from a group of private investors in the form of the EER Loan Facility Agreement (approximately €35m or an equivalent of approximately £31.4m) and the EER Master Debenture Agreement, which has enabled it to experience growth and led to Zaim becoming a significant business in the microfinance market in Moscow, Moscow Region and Western Russia.

The decision to concentrate its efforts in a specific region of Russia has led to an optimisation of a number of business factors including staff and cash availability in stores, creating a strong brand awareness.

Zaim's bespoke IT and operational platforms have been purpose built to support its lending activities, enabling consistent operational performance and speed to market, as well as what the Directors and the Proposed Directors believe to be a high level of customer service. Its success in customer service is illustrated by its high repeat customer rate.

Zaim's 8-year presence in the microfinance loan market has enabled it to develop highly effective credit scorecards. Zaim is able to use the data in its scorecards, loan performance analysis and underwriting decisions, giving it what the Directors believe to be a significant competitive differentiator and particular advantages against new entrants to the market. As a result, the Directors and the Proposed Directors believe that the Group is well positioned to participate substantively in further growth potential in the non-standard lending market. This is because sufficient investment has already been made in Zaim's systems so that they are able to cope with a much larger volume of loans with only a small increase in operational expenditure and at the same time the Board is planning to grow Zaim's customer base using low cost digital marketing without significantly increasing its store numbers and fixed cost base.

Compliance is important to the Group's business and culture and is implemented through its customer service processes and its underwriting and collection procedures. The Group seeks to treat all of its customers fairly and offers customers in financial difficulty a number of payment options tailored to their individual circumstances. For example, Zaim's policies include never undertaking collections activities or selling on unrecovered debts to third parties who might seek to enforce and collect from defaulted loans. Zaim reviews all of its customer facing employees at least weekly and operates ongoing refresher training to ensure that ethical behaviour and the principles of treating customers fairly are embedded in its culture.

In the year ended 31 December 2016, the Group generated revenue of £13.8 million and suffered a loss of £2.7 million. In 2017, the Group increase its annual revenue to £15.3 million and it made a loss of £12.1 million. For the year ended 31 December 2018, the Group generated revenues of £10.2 million and made a pro-forma profit of £0.8 million although an unadjusted loss before tax of £1.5 million, as further explained below. In the six month period to 30 June 2019 the group generated revenues of approximately £3.7 million and made loss before tax of approximately £0.6 million.

2. Significant factors affecting the Group's results of operations

Zaim has a single product offering borrowers unsecured loans up to 30,000 Russian Roubles (approximately £375) with a term of up to 30 days at an interest rate of 1.5% per day, which reduced to 1.0% per day from 1 July 2019. The profitability of the business is generated from the interest collected on these loans less: (i) interest expense on borrowings, which varies based on the source and level of borrowings, (ii) an impairment charge, which varies based on the amount of the loans issued and the credit quality of the underlying loan assets, (iii) operating costs, which are mainly fixed in nature and (iv) corporation tax, which is dependent on prevailing tax rates in Russia.

2.1 *New business volumes*

Zaim's ability to increase loans issued has a significant impact on revenue. During the period under review, Zaim advanced £21.1 million of loans in the year ended 2016, increasing to £24.0 million in the year ended 2017 reducing to £13.4 million in 2018 and further reducing to £4.8 million for the six month period to 30 June 2019. The reduction in lending during 1H 2019 and 2018 was due to a lack of available capital following significant losses in 2017. In May 2019, Zaim entered into the NA Loan Facility to provide a future source of capital and the Board is planning to deploy some of the Fundraise Proceeds to grow Zaim's loan book. Zaim's ability to use these sources of capital to grow its amount lent to customers through new lending will continue to drive its overall revenue through interest income.

2.2 ***Cost of acquisition and operating costs***

During the years ended 31 December 2016 and 2017, Zaim was expanding its operations and had a large number of stores (up to 250) in operation, during 2018 this was reduced to closer to 100 and has remained at that level since then, as such Zaim made significant improvements in operational efficiencies that resulted in lower costs and therefore improved performance. Zaim's operating expenses for the years ended 31 December 2016, 2017 and 2018 were £4.9 million, £6.1 million and £2.8 million, respectively and for the six months ended 30 June 2019 were approximately £1.4 million.

While the cost of acquisition varies based on the value and number of Loans Issued, the overall cost of acquisition has decreased over the past 3 and a half years, primarily as a result of the amount of loans issued to new customers reducing from 12% in 2016, to 9% in 2018 and 8% in 2019. In the year to 31 December 2019 following Admission and an increase in the loan book, the Company expects the rate of Zaim's new customer acquisitions to rise again.

Zaim does treat repeat business as having a cost of acquisition. Commissions are paid to third party introducers and are expensed in the same period in which they are incurred. The value of commissions payable to third party introducers is low on the basis that there are both small numbers of new clients generated from such leads and the average loan size.

The average acquisition cost for each new customer acquired for the years ended 31 December 2016, 2017 and 2018, was £19, £4 and £2, respectively and for the period to 30 June 2019 it was £0 given the lack of available capital there was excess demand which could not be funded without the requirement for marketing activities.

2.3 ***Loan assets performance***

The performance of Zaim's total loan assets depends on its ability to collect each expected loan instalment, including interest and principal payments, on a timely basis. This, in turn, depends in part on the strength of Zaim's credit underwriting process to ensure the affordability of the loan instalments and to assess the sustainability of such payments based upon known factors at the time of origination. Zaim's underwriting criteria, processes, controls and systems have been developed and refined using many years of experience. For each loan application, a detailed individualised assessment is made of the borrower including, among other checks, an assessment of the financial position of both to ensure that the loan is both affordable and sustainable. Structural economic, regulatory, cyclical economic and other changes in both the macro-economic conditions and changes in behaviours of different socio-economic groups may mean these assessments become out of date. Zaim also has in place a formal risk governance framework, which, among other things, ensures risk management is integral to its business operations.

Zaim's total loans as at any one reporting date have historically had a higher level of arrears than consumer loan assets of banks and mortgage lending companies, due in part to its customers having less regular income than the average Russian consumer and in part to a higher percentage of its customers having an impaired credit history. However, due to the focus on loan affordability at origination, the approach to lending and detailed internal scoring system, Zaim's actual credit losses are relatively low in relation to the average credit profile and income level of its customer base.

The default rates on customer loans to new customers in the following years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 were 41%, 34%, 38% and 29% respectively and to existing customers were 10%, 8%, 8% and 7% respectively.

2.4 ***Collection process***

Zaim has an effective specialist in-house collection team that tailors the collection process to address the specifics of the non-standard customer base of its loan product. Recovery activities comprises two main paths, being pre court letters sent to the borrower as well as court activity. Zaim uses pre court letters to engage with the borrower in advance of the loan maturity date, however due to the small nature of the loans provided to its customers Zaim does not pursue official collections, instead after a delay in repayment of more than 90 days Zaim fully impairs the loans and applies to the court to get official default status which implements a negative mark on the customer's credit rating. The incentive to remove any negative marks on an individual's credit history is an effective deterrent in Russia and there is a significant amount recovered after a loan has been impaired. In Zaim's statement of financial position in 2018, some 13% of all interest received by Zaim was due from fully impaired loans, sometimes from existing loans that are up to 4 years old. Zaim is in the process of developing a scoring system based on its historic data to improve its recovery and collection performance by targeting specific groups of existing borrows by either mailing or court action to better manage the recovery and collection rates.

In 2018, £1,547,000 of Loans went into Default and in the six months to 30 June 2019 this was £735,000. In 2018 £128,000 was collected from those borrowers and £362,000 was collected from loans advanced prior to 1 January 2018 and in 2019 £67,000 was collected from those borrowers. On average once a loan goes into Default Zaim recovers approximately 13% of the debt.

The collection rates as well as default rates for the years ended 2016, 2017, 2018 and six months to 30 June 2019 are noted below:

Average Collection Rates New Customers	*2016*	*2017*	*2018*	*30 June 2019*
Paid on time	24%	29%	31%	32%
Paid delay of 30 days	19%	20%	19%	27%
Paid with delay of 30 – 60 days	4%	3%	4%	5%
Paid with delay of 60 – 90 days	2%	2%	2%	2%
Paid delay of 90 – 120 days	1%	1%	1%	1%
Partially paid +120 days	10%	10%	5%	5%
Default	41%	34%	38%	29%

Average Collection Rates Existing Customers	*2016*	*2017*	*2018*	*30 June 2019*
Paid on time	35%	38%	37%	36%
Paid delay of 30 days	31%	30%	34%	35%
Paid with delay of 30 – 60 days	7%	7%	8%	8%
Paid with delay of 60 – 90 days	3%	4%	4%	4%
Paid delay of 90 – 120 days	2%	2%	2%	3%
Partially paid +120 days	12%	11%	7%	7%
Default	10%	8%	8%	7%

2.5 *Provisioning policy and IFRS 9*

Zaim's provisioning methodology up to 1 January 2018 was based on probability of default at different arrears statuses and was therefore an incurred credit loss model. Any balance with no repayment for more than 90 days is charged against Zaim's statement of financial provision.

Zaim adopted IFRS 9 on 1 January 2018 moving to an "expected credit loss" "ECL" model. Under the expected credit loss model, Zaim provides the portion of lifetime expected credit losses that result from default events that are possible within 12 months at the time of origination and a further provision for the lifetime expected credit losses that are two or more contractual payments past due. Zaim has adopted a collective basis of measurement for calculating expected credit losses. The Loan Book is divided into portfolios of assets with shared risk characteristics and further divided by quarterly origination vintages.

Under IFRS9 Zaim assesses whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. Zaim-Express combines its loans to customers into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 includes financial instruments with no significant increase in credit risk since initial recognition. For such assets, 12-month ECL is recognised and interest income is calculated on the basis of the gross carrying amount of the asset.
- Stage 2 includes financial instruments for which a significant increase in credit risk since initial recognition exist and no impairment indicators are identified. For these financial assets, the amount of expected credit losses is determined as the lifetime ECL and interest income is calculated on the basis of the asset's gross carrying amount.

- Stage 3 includes financial assets, for which impairment indicators were identified at the reporting date. For these assets, the amount of expected credit losses is determined as the lifetime ECL and interest income is calculated on the basis of the residual value of assets reflecting the effect of discounted expected cash flows from loans.

For more information see note 3 to the accounting information on Zaim in Part X(D) of this Document.

The ECL allowance is based on credit losses expected to arise over the life of the asset (lifetime ECL), if there has been a significant increase in credit risk since the date of initial recognition. Otherwise, the allowance is based on the 12-month expected credit losses (12mECL). 12-month ECL are part of lifetime ECL and represent ECL arising from defaults on a financial instrument expected to occur 12 months after the reporting date. Both the lifetime ECL and the 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the basic portfolio of financial instruments.

Zaim's policy is to assess whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. For financial assets for which Zaim has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. Such a decrease is considered (partial) derecognition of the financial asset.

At each reporting date, Zaim performs an analysis to identify a significant increase in credit risk since recognition of the financial instrument. Besides, the assessment is based on qualitative and quantitative information. Quantitative assessment is based on changes in the risk of default occurring over the expected life of the financial instrument. Qualitative assessment is based on a number of qualitative factors relating to the credit provided which are important in assessing whether there is a significant increase in credit risk.

The impairment requirements of IFRS 9 are complex and require management judgements, estimates and assumptions, particularly in the following areas:

- assessment of whether the credit risk of an instrument has increased significantly since initial recognition; and

- incorporation of forward-looking information into the measurement of expected credit losses.

Implementation of IFRS 9 by Zaim resulted in an increase to the impairment provision equal to approximately £87,000 as at 1 January 2018 compared to the previous methodology. Under both methodologies, cumulative impairment converges over the life of an asset as the difference between the two is an accounting timing difference with no cash impact.

The provisioning and impairment carried as at 30 June 2019 is set out below (unaudited):

	Stage 1	*Stage 2*	*Stage 3*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Loans to customers				
Minimum credit risk	445	–	–	445
Low credit risk	–	239	–	239
Moderate credit risk	–	236	–	236
High credit risk	–	167	–	167
Default	–	–	32,965	32,965
Total loans to customers before allowance	445	642	32,965	34,052
ECL allowance	(112)	(346)	(32,965)	(33,423)
Total loans to customers after ECL allowance	334	296	–	630

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
ECL allowance as at 31 December 2018	150	455	29,999	30,604
Assets recognized for the period	913	–	–	913
Assets derecognized or collected	(83)	(78)	(281)	(442)
Transfers to Stage 2	(1)	1	–	–
Transfers to Stage 3	(217)	(518)	735	–
Net loss on ECL allowance charge/ (reversal)	155	132	1,029	1,316
Translation into GBP	2	7	1,023	1,032
ECL allowance as at 30 June 2019	112	346	32,965	33,423

The provisioning and impairment carried as at the end of 2018 is set out below:

2018	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total
Minimum Risk	516	–	–	516
Low Risk	–	219	–	219
Moderate Risk	–	250	–	250
High Risk	–	219	–	219
Default	–	–	27,950	27,950
Total	516	688	27,950	29,154
ECL Allowance	(140)	(424)	(27,950)	(28,514)
Net	376	264	–	640

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total
ECL allowance as at 1/1/18	176	790	26,892	27,858
Assets recognised for period	3,390	–	–	3,390
Assets derecognised for period	(13)	(30)	(126)	(169)
Transfers to Stage 1	–	–	–	–
Transfers to stage 2	(443)	443	–	–
Transfers to stage 3	(2,949)	(774)	3,723	–
Net Loss on ECL Allowance	–	2	987	989
Foreign exchange	(20)	(7)	(3,525)	(3,552)
ECL allowance 31/12/18	140	424	27,951	28,515

From this point on Zaim did not seek to reborrow amounts repaid under the EER Facility Agreement.

The provisioning and impairment carried as at the end of 2017 is set out below:

2017	Gross Loans £'000	Impairment allowance £'000	Loans net of Impairment £'000	%
Current	1,026	(327)	699	–31.9%
less than 30 days past due	526	(456)	70	–86.7%
30 – 60 days past due	455	(412)	44	–90.4%
61 – 91 days past due	356	(328)	27	–92.3%
92 – 183 days past due	1,259	(1,160)	99	–92.1%
184 – 274 days past due	2,091	(1,957)	134	–93.6%
275 – 360 days past due	2,700	(2,694)	6	–99.8%
360+ days past due	20,436	(20,436)	–	–100.0%
Total	28,850	(27,771)	1,079	–96.3%

The provisioning and impairment carried as at the end of 2016 is set out below:

2016	*Gross Loans £'000*	*Impairment allowance £'000*	*Loans net of Impairment £'000*	*%*
Current	1,921	(520)	1,401	–27.1%
less than 30 days past due	1,277	(1,042)	234	–81.7%
30 – 60 days past due	1,029	(865)	165	–84.0%
61 – 91 days past due	892	(759)	133	–85.1%
92 – 183 days past due	2,316	(1,965)	351	–84.9%
184 – 274 days past due	2,007	(1,742)	265	–86.8%
275 – 360 days past due	1,693	(1,521)	172	–89.8%
360+ days past due	13,337	(13,337)	–	–100.0%
Total	24,471	(21,751)	2,720	–88.9%

2.6 ***Availability of capital for lending***

Zaim, as an MCC, is only able to obtain capital from sources permitted by Russian law. More details of the restrictions in this area are set out in paragraph 4 of Part XIII. This has meant that Zaim's capital has mainly been sourced from its shareholder, EER. EER was established by Stronglane Ltd (Cyprus), whose ultimate beneficial owner is Siro Cicconi, who was one of the founding directors (President and Managing Director) of EER, as a special purpose vehicle to acquire and fund Zaim. EER planned to fund Zaim through several bond issues, which were subscribed for by European individuals and institutional (high net worth) investors. These funds were then onward lent by EER to Zaim pursuant to the EER Loan Facility Agreement and the EER Master Debenture Agreement.

The EER Loan Facility Agreement was entered into in February 2014 for €10 million (approximately £8.9 million), which was amended on 23 September 2014 to increase the size of the facility to €50 million. On 1 February 2016 Zaim entered into the EER Master Debenture Agreement which replaced the EER Loan Facility Agreement as Zaim's primary source of funding. Between February 2014 and December 2018 amounts were drawn down and repaid after two years. As at 29 December 2018 the principal outstanding under the EER Master Debenture Agreement was Euro 32,160,198.95. As part of a restructuring of Zaim, on 29 December 2018 the aggregate amount of 32,160,198.65 Euros due under EER Master Debenture Agreement was contributed to the equity reserves of Zaim. On 29 December 2018 subscribed for one million one hundred thousand Euro loan note under the Master Debenture Agreement. As at 31 December 2018 the amounts outstanding to EER under the EER Master Debenture Agreement were 80,187,000.00 Russian Roubles, being approximately £907,000. Although the EER Loan Facility Agreement and the EER Master Debenture Agreement both continue to be in full force and effect the Directors have no intention of drawing down under these facilities during the Working Capital Period.

EER carried out a refinance of its liabilities pursuant to which it transferred the entire issued share capital of Zaim and on 6 June 2019 agreed to assign Zaim's debt to EER to a newly formed company, Zaim Holding SA ("Zaim SA"). The consideration for this assignment was €500,000 in cash and €600,000 was subscribed for a bond of the same value issued by Zaim SA. The cash element of the consideration was Euro 1.1 million, financed through the issue of a new bond to high net worth European investors. Following this refinancing, which was completed on 14 August 2019, EER no longer had any connection to Zaim or the Company save that all its shares remain beneficially owned by Siro Cicconi through his life interest in the Excelsior Foundation. Zaim SA has agreed with Zaim that the remaining sums due from Zaim to Zaim SA, being approximately €1.2 million as at 20 August 2019, under the assigned EER Master Debenture Agreement will be repaid by 4 November 2020.

On 17 May 2019 Zaim entered into a loan agreement with LLC NOAH ARK 500 ("NA Loan") for a loan facility of up to 30,000,000 Russian Roubles (approximately £380,000), to finance the ongoing working capital and loan book. The NA Loan is due to be repaid on 31 December 2019 but Noah have agreed to extend this date until 31 December 2020 at Zaim's request, having been extended by agreement for a further 12 months. The Company plans to repay this loan using cash generated from operations. Whilst the covenants are more fully set out in paragraph 15.12 of Part XIV of this document, the only material covenant under this agreement is the repayment obligation and Zaim is in compliance with all of its current obligations under this agreement. Zaim's liabilities in respect of the NA Loan are secured against the Zaim shares and in the event that Zaim defaults on its repayment obligations under the NA Loan, Noah will have a right to seize the Zaim shares. More details of this loan are set out in paragraph 15.11 of Part XIV.

The Directors and Proposed Directors expect to fund Zaim's operations from cash provided by operating activities and the NA Loan and the new funds raised from the Placing going forward, which are all sources permitted by Russian law. The volume of loans that Zaim is able to originate is limited in part by the amount of funding available to it.

Zaim finances a significant portion of its new lending through cash receipts generated by its existing loan base. As a result, although the increase in Zaim's Loans Issued has required additional funding, it has also increased cash available for new lending through additional cash receipts. See "—New Business Volumes" above. Defaults by customers on their loan payment obligation or deterioration in collections on outstanding loans for any other reason, in addition to lowering cash flows and net income, may harm future revenue, as fewer cash receipts would be available for lending in future periods. See "—Loan Assets Performance" above. If the Group is unable to secure cost effective financing arrangements in the future, it may not be able to increase the number of loans it originates or maintain its existing level of loans. See Part II "Risk Factors—Risks Related to the Group's Business—The Zaim's level of indebtedness could, in certain circumstances, have a material adverse effect on the Group's operations and its ability to pay dividends."

2.7 ***Macro-economic conditions***

The Group's business is impacted by general business and economic conditions in the Russian Federation and by the way these conditions affect the demographic that is most likely to make use of the Zaim's loan products. Such conditions include changes in unemployment rates, wage growth, cost of living, property prices and government policies with respect to benefits, housing and tax credits, among others. The Directors believes that the demand for non-standard finance has remained relatively stable during the periods under review. In an economic downturn, customers may be less able to pay their debts as a result of a reduction in income, which could impact the Group's levels of arrears. See Part II "*Risk Factors—Risk Related to the Group's Business—The Group faces risks from concentrated exposure to the consumer lending industry and the macroeconomic environment in the Russian Federation*" may negatively impact the Group's performance.

3. Current trading and prospects

Zaim undertook a significant restructuring during 2018, with the repayment of certain liabilities under the EER Master Debenture Agreement and subsequent contribution of it into equity at the end of 2018 and February 2019. As such whilst, Zaim entered 2019 with a reduced ability to increase its loan book due to losses over the previous 3 years, the performance during the period to 30 June 2019 is in line with management expectations, although Zaim did not materially increase its loan book in the period to 30 June 2019 due to lack of available capital. Following 30 June 2019, Zaim has continued to improve its default rates for new customers which stood at 15% for July and August and for existing customers the default rates remained broadly consistent with the first half of the year. The Group on Admission with the benefit of the Placing Proceeds is well positioned to increase lending and scale up its business as sufficient investment has already been made in Zaim's IT systems so that they are able to cope with a much larger volume of loans with only a small increase in operational expenditure and benefit from the use of low cost digital marketing. This means that the Directors and the Proposed Directors believe that the Company should generate a stable return on capital with an increasing loan book year on year with the Group's increased capital base following the Placing. In the near term, the Group plans to expand its online offering whilst maintaining its existing levels of funding via the existing stores within Moscow and surrounding regions. The recent changes in regulation enable Zaim to identify new customers online without the need for them to present their identification in store. The Directors believe this recent development has created an opportunity for the Group to rapidly access a much larger target customer base.

Zaim aims to maintain its default and impairment rates consistent with 2018 by not reducing its credit score threshold in order to increase its loan book.

4. Results of operations of the Group

The financial information presented in this section has been derived from the audited financial information for the years ended 31 December 2016, 2017 and 2018 and the unaudited interims for the six months ended 30 June 2019. The "Pro-Forma 2018" figures represent the Directors view of how best to present the performance for 2018 by way of meaningful comparison to how the business would be operating under its current capital structure in 2019. The principal liabilities under the EER Master Debenture Agreement were set off against contributions to capital on the 29th December 2018 and so certain adjustments have been made to the results to show the 2018 results without the effects of the EER Loan Facility Agreement on such results.

4.1 *Year ended 31 December 2016, 2017, 2018 and 6 months ended 30 June 2019 Consolidated statement of income and retained earnings*

	Actual 2016 £'000	*Actual 2017 £'000*	*Actual 2018 £'000*	*Pro-Forma* 2018 £'000*	*Actual (unaudited) 30 June 2019 £'000*
Interest Income	13,796	15,331	10,216	10,216	3,728
Interest Expense	(3,536)	(6,492)	(2,457)	(79)	(54)
Net Interest	10,260	8,839	7,759	10,137	3,774
Foreign Exchange on Debenture Notes	3,999	(2,151)	(821)	(821)	(23)
Other income	128	372	826	826	86
Operating income	14,387	7,060	7,764	10,142	3,737
Impairment	(8,470)	(8,723)	(4,213)	(4,213)	(1,840)
Staff costs	(3,076)	(4,284)	(2,336)	(2,336)	(1,007)
Operating expenses	(4,914)	(6,109)	(2,758)	(2,758)	(1,112)
IPO related costs	–	–	–	–	(331)
Profit before tax	(2,074)	(12,056)	(1,543)	835	(553)
Income tax	(611)	–	–	–	–
(Loss)/Profit after tax	(2,685)	(12,056)	(1,543)	835	(553)
Effect of re-translation of operations	(5,806)	990	3,837	3,837	(55)
Total Comprehensive Income	(8,491)	(11,066)	2,294	4,672	(608)

* 2018 figures exclude the interest charged on the EER debenture notes held during the year that were converted into equity on 29 December 2018, the foreign exchange impacts on such Debentures which are denominated in € and the other income.

Revenue

Revenue comprises interest income on the loans made to new and existing customers. During these periods the interest that could be charged to customers was initially capped by regulations at 2.0% per day, before being reduced in February 2019 to 1.5% per day and which has since been subsequently reduced to 1.0% per day as of 1 July 2019.

Interest Income increased from £13.8 million in 2016 to £15.3 million in 2017 due to an increase in new loans granted during the year. The number of stores was reduced from 241 in 2016 to 168 in 2017, but loan activity per store increased due to increasing availability of capital and demand. Interest income reduced in 2018 to £10.2 million compared to 2017, as the number of stores reduced from 168 to 113 as at the end of 2018. The overall new issuance of loans was lower in 2018 than 2017, due to the lack of available capital to fund the expansion of the loan book. In the six months to 30 June 2019 interest income was £3.7 million with the average number of stores stable at around 100, again the decrease in interest income compared with 2018 was a direct result of the lack of available capital to fund the loan book.

Gross Margin

Below shows the interest margin generated representing interest income as % of new loans granted during the period.

	2016	*2017*	*2018*	*(unaudited) 30 June 2019*
	£'000	*£'000*	*£'000*	*£'000*
New loans granted	21,133	24,030	13,339	4,870
Interest Income	13,796	15,331	10,216	3,728
Gross Interest margin	65%	64%	77%	77%

The interest margin remained steady at 65% and 64% in 2016 and 2017, but increased during 2018 to 77% as a result of the reduction in impairment and higher performance of the loan book. This was due to improvements in the credit scoring systems and therefore quality of individuals that were advanced loans during the year.

Net Interest Margin

	2016	*2017*	*2018*	*(unaudited) 30 June 2019*
	£'000	*£'000*	*£'000*	*£'000*
Interest income	13,796	15,331	10,216	3,728
Impairment of loans	(8,470)	(8,723)	(4,213)	(1,840)
Net Interest Income	5,326	6,608	6,004	1,888
New Loans Granted	21,133	24,030	13,339	4,870
Net Interest Margin	25%	27%	45%	39%

The Net interest Income for the periods represents the interest income after taking into account the associated impairment during the period has remained more consistent than the Gross Interest Income with £5.3 million generated in 2016, £6.6 million in 2017 and £6.0 million in 2018. In the six months to 30 June 2019 the Net interest income was £1.88 million driven by the significant reduction in new loans granted during the period as a result of lack of available capital. The Net Interest Margin, representing net interest income less associated impairment as a % of New Loans Granted remained broadly consistent during 2016 and 2017 at 25% and 27% respectively, but increased considerably during 2018 to 45% and 39% during the first half of 2019. This is a result of significant improvements in the internal credit scoring system resulting in lower default rates and a higher proportion of the loans being repaid.

Interest expense

Interest expense represents interest payments on the borrowings under the EER Loan Facility Agreement held with the shareholder. The interest increased from £3.5 million in 2016 to £6.5 million in 2017 on the back of a higher overall average level of indebtedness. The loans were converted into equity at the end of 2018 and the lower interest charge represents the lower average level of indebtedness during the period. The interest for the first six months of 2019 represents the accrued interest of £0.05 on the remaining balance due under the EER loan facility.

Foreign exchange on debenture notes

The debenture notes advanced by the shareholder EER are dominated in EURO, the foreign exchange movements represent £/EUR exchange rate fluctuations as at the period end.

Other Income

Other income represents a write back of a withholding tax provision in 2018 and, before then income generated from marketing which has increased steadily over the period from £0.1 million in 2016, to £0.4 million in 2017 and £0.8 million when added to the write back in 2018. During the first half of 2019 this was £0.0 million.

Impairment charge

Impairment charge increased from £8.5 million to £8.7 million between 2016 and 2017 representing a slight increase in overall funding advanced during the period offset by a slight improvement in Default Rates. In 2018 the impairment charge was £4.2 million, which was calculated following the new adoption of IFRS 9 and revised CBR regulations, which has changed the way that interest and provisions for impairment charges are computed. During the first half of 2019 the impairment charge was £1.8 million. The overall rate of default improved during 2018 and 2019 and therefore the associated net interest margin improved to 45% and 39% as noted previously. During the last three years Zaim has significantly enhanced its credit scoring processes and the Board believes the future impairment charge will be reduced as a proportion of the outstanding loan book after a one-off adjustment for the introduction of IFRS 9.

Staff costs

Staff costs increased from £3.1 million during 2016 to £4.3 million for 2017 as a result of increase in work restructuring the business, streamlining operations and investing time and resources into advancement of the IT systems which were all developed in house. Following this Zaim benefited from its new lower cost base and reduced number of stores in 2018 resulting in lower staff costs of £2.3 million. Staff costs were reduced further during the first half of 2019 due to improvements in operational efficiencies resulting in an expense of £1.0 million.

Operating expenses

Operating expenses represent the ongoing costs of operating both the IT infrastructure as well as the physical stores and so increased in line with the staff costs noted above. In 2016 the operating costs were £4.9 million, increasing to £6.1 million during 2017 due to the investment in the new strategy. In 2018 the full benefit of the investment and restructuring was experienced with a reduced cost base of £2.8 million falling further to £1.4 million for the first half of 2019.

Tax on profit

Zaim currently has significant unused tax losses in Russia due to operational losses incurred to date. Tax losses can be carried forward indefinitely and so it is not expected that corporation tax will be paid in the foreseeable future.

Total comprehensive income

Total comprehensive income for the periods include the profit after tax as well as the retranslation of operation denominated in currencies other than the presentational currency of the Group (£). Given the main operations are denominated in Russian Roubles the comprehensive income recognised directly in equity represents fluctuation in the £:RUR rate total comprehensive income was a loss of £5.8 million in 2016, a gain of £1.0 million in 2017 and a gain of £3.8 million for 2018 during the first half of 2019 the £:RUR rate was more stable and a loss on retranslation of £0.1 million was noted.

4.2 *Statement of financial position as at 31 December 2016, 2017, 2018 and 30 June 2019*

Assets	*2016 £'000*	*2017 £'000*	*2018 £'000*	*Actual (Unaudited) 30 June 2019 £'000*
Cash	645	457	454	204
Loans to customers	2,720	1,079	640	630
PPE	22	17	13	12
Other	667	337	229	444
Total	4,054	1,890	1,336	1,290
Loans received from EER	22,216	31,688	907	1,021
Other	2,600	2,030	1,005	1,106
Total	24,816	33,718	1,912	2,127
Liabilities				
Equity				
Charter Capital*	2,446	2,446	2,446	2,446
Additional Capital	–	–	29,046	29,046
Current year loss	(2,685)	(12,056)	(1,543)	(206)
Accumulated losses brought forward	(21,698)	(24,383)	(36,527)	(38,070)
Translation reserve	1,175	2,165	6,002	5,947
Total	(20,762)	(31,828)	(576)	(837)
Total Liabilities and Equity	4,054	1,890	1,336	1,290

* The equivalent of share capital for a Russian incorporated LLC.

Loans to customers

Loans to customers represents the gross amount of loans advanced to customers less any accumulated impairment provision at the balance sheet date. Total loans of £2.7 million as at 2016 decreased to £1.1 million as at 2017 due to a lower level of new loans advanced during 2017 and specifically the latter half of 2017. This had reduced further as at the end of 2018 due to the reduction in new loans advanced during the year which continued into 2019.

Loans received from EER

Borrowing under the EER Loan Facility Agreement and the EER Master Debenture Agreement denominated in EURO received from EER and carry interest at 12.6% per annum. As at 31 December 2016 the amount was £22.2 million, which increased to £31.7 million as at the end of 2017. In December 2018 the principal amount due under the EER Master Debenture Agreement was set off against EER's commitment to contribute to the capital of Zaim, at that date there were no historic breaches of covenant under this agreement. A residual amount of £0.9 million is due for repayment in November 2020 due under the EER Master Debenture Agreement. This liability was transferred by EER to Zaim SA under an agreement dated 6 June 2019. There are no covenants on the residual £0.9 million due under the EER Master Debenture Agreement.

Other liabilities

Other liabilities principally comprises deferred taxation liabilities and were £2.6 million for 2016, £2.0 million for 2017, £1.0 million for 2018 and £1.1 million at 30 June 2019.

Accumulated Losses

Accumulated losses comprise the losses accumulated to date which were £24.4 million for 2016, increasing to £36.4 million for 2017 and to £38.1 million for 2018. These accumulated losses have had a detrimental impact on the Zaim's capital levels, and in turn on the ability to make new loans.

5. Liquidity and capital resources

The Zaim's historical liquidity requirements have arisen primarily from the need for the Zaim to issue loans, meet its debt, to fund its working capital requirements and to fund capital expenditures. The principal sources of liquidity have historically been cash provided by the original issue of equity, the EER Loan Facility Agreement and the EER Master Debenture Agreement. The Group expects its sources of liquidity going forward to include cash provided from operations, ongoing debt facility as well as new equity raised from the Placing.

The Group's ability to generate cash from its operations depends on Zaim's future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond its control, as well as other factors discussed in the section entitled Part II "Risk Factors."

The Directors believe that Zaim's operating cash flow, together with cash resources under the NA Loan and from the Placing Proceeds, will be sufficient to fund its debt and tax servicing requirements as they become due, working capital requirements and capital expenditures for the next twelve months. In the instance that such amounts are insufficient to service the repayment of the NA Loan, the Company shall repay this amount from part of the Net Proceeds of the Placing held as contingency for this purpose. Should the Group require additional capital to increase the speed at which it grows its loan book then the Group may evaluate alternate third party sources of finance.

For the periods under review, management believes that collections during the period and Loans Issued during the period provide two key measures of the Zaim's operating cash flow generation and liquidity of its business. Therefore, the commentary below provides a description of movements in collections during the period and loans issued during the period. The commentary below also provides a description of movements in the key lines of the cash flow statement.

5.1 ***Year ended 31 December 2016, 2017 and 2018 and 6 months ended 30 June 2019 Statement of cash flow information***

	2016	*2017*	*2018*	*Actual (Unaudited) 30 June 2019*
	£'000	*£'000*	*£'000*	*£'000*
Interest received	12,125	12,438	8,160	2,663
Interest paid	(3,833)	(5,999)	(2,171)	(4)
FX gains	(36)	(14)	3	(88)
Other income	127	24	12	23
Staff costs	(2,926)	(4,484)	(2,399)	(1,028)
Operating expenses	(4,371)	(5,739)	(2,647)	(1,443)
Operating cash flow	1,086	(3,774)	958	135
Loans to customers	(7,288)	(4,190)	(1,831)	(287)
Movement in Other Assets	(264)	(8)	24	(186)
Movement in Other liabilities	101	(21)	(10)	(6)
Net cash flow used in Operations	(6,365)	(7,993)	(859)	(344)
Investing activities				
New loans from banks	3,512	–	–	–
Placement under fiduciary	957	–	–	–
Proceeds from placements	–	6	5	
purchase of PPE	(11)	(8)	(4)	–
Net cash flow used in Investing	4,459	(1)	1	–
Financing activities				
Loans received	14,123	21,284	943	183
Repayment of loans	(14,224)	(13,490)	–	(130)
Net finance cashflows	(101)	7,794	943	53
Foreign exchange	562	13	(89)	7
Net change on cash	(1,446)	(187)	(3)	(284)
Cash at beginning	2,091	645	457	488
Cash at end of period	645	457	454	204

Operating cashflows

Operating cashflows represents cashflows as a direct result of interest received, interest paid and any normal operating expenditure. Operating cashflows were £1.6 million in 2016 compared with (£3.8 million) in 2017 and rising to £0.9 million during 2018. For the first half of 2019 this was £0.1 million. The reduction during 2017 is attributable to an increase in interest costs as well as overall increase in operating and staff costs. The operating and staff costs were much reduced during 2018 which increased the operating cash accordingly and the subsequent decrease in the first half of 2019 was the result of a reduction in the amount of capital available to fund the loan book.

Net cash used in operating activities

Net cash used in operating activities was £6.4 million in 2016, £8.0 million in 2017, £0.9 million in 2018 and £0.3 million during the first half of 2019. These are predominantly a result of new loans granted to customers of £7.3 million, £4.2 million, £1.8 million and £0.3 million respectively.

Net cash from (used in) financing activities

Net cash flow used in financing activities was £0.1 million in 2016, £7.8 million generated in 2017, £0.9 million generated in 2018 and £0.1 million for the first half of 2019. This comprises the net amounts of advanced under the EER Master Debenture Agreement and repaid to the major shareholder.

6. Contractual obligations and commercial commitments

The Group had no material contractual obligation and commitments during the period under review.

7. Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements.

8. Qualitative and quantitative disclosures about market risk

Credit risk

There is limited concentration of risk with the average balance in the loan book amounting to £120, and a maximum of £348 at 31 December 2018. The carrying amount of the loans represents the Company's maximum exposure to credit risk.

Zaim carries out an affordability assessment on the borrower before a loan can be paid out. As a separate exercise using the knowledge and data from its 8 year presence in the loan market, each potential loan undergoes a creditworthiness assessment based on the applicants' credit history. No formal collateral or guarantees are held against the borrower.

Zaim manages credit risk by actively managing the blend of risk in its portfolio to achieve the desired impairment rates in the long term. Zaim aims to achieve the desired risk in the portfolio by managing its scorecards and the maximum amount borrowers are able to borrow depending on their circumstance and credit history. Factors Zaim considers in monitoring the overall impairment rates include the total value of the loan, the home owner status of the guarantor, whether loans are new or repeat loans and whether these are pilot lending loans. Using the data and expected loss curves for the different scorecards the business can vary its origination levels to target an expected loss rate, impairment level and manage balance sheet risk.

In assessing the level of impairment, the business makes provision for a percentage of loans that are currently up to date. As part of its procedures, the Directors expects that at any time there will be an element of loans that are currently up to date but where the customer may have an unreported difficulty in repaying the loan and therefore Zaim's practice is to make provision for the estimated effect. In addition, should a customer enter into a repayment plan Zaim does not reschedule the terms for its internal reporting. Instead the business calculates the arrears level with reference to the original terms.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – interest rate risk, currency risk and other prices risk. The Group's exposure is primarily to the risk of changes in interest rates.

Interest rate risk

During Q2 2019 Zaim entered into a new loan facility for a maximum of approximately £380,000 (being 30,000,000 Russian Roubles) with an interest rate of 15%. As these borrowings are at a fixed interest rate, the Directors considers there is no significant interest rate risk to the Group as the date of this Document.

The maximum amount of interest a customer may be charged on a short-term (less than 1 year) microfinance loan is 365% per annum with Maximum Recovery Rate of 200% and, with effect from 1 January 2020, 150% of principal.

Foreign exchange risk

The main operating subsidiary of the Group, Zaim Express LLC operates in Russian Roubles, with the majority of transactions with customers and suppliers occurring domestically within the Russian Federation. The Group has its parent company and head office activities operating in the United Kingdom and raises finance from shareholders in Pounds Sterling. The Group is therefore exposed to foreign exchange risks relating to the both £ and RUR.

Liquidity risk

Liquidity risk is the risk that the Group will have insufficient liquid resources to fulfil its operational plans and/or meet its financial obligations as they fall due. Liquidity risk is managed by the Group's central finance department through daily monitoring of expected cash flows, ensuring sufficient funds are drawn against the Group's finance facilities to meet obligations as they fall due.

The Group's forecasts and projections, which cover a period of more than 12 months from the date of this Prospectus, take into account expected originations, collections, and payments and allow the Group to plan for future liquidity needs.

See also the section entitled Part II "Risk Factors."

9. Critical accounting estimates and policies

The preceding discussion of past performance is based upon the financial information of Zaim, which have been prepared in accordance with IFRS.

Zaim's significant accounting policies are described in notes 3 and 4 to the audited annual financial information of Zaim. The application of these accounting policies requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenue and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. On an ongoing basis, Zaim evaluates its estimates, which are based on historical experience and market and other conditions, and on assumptions that Zaim believe to be reasonable.

PART X

FINANCIAL INFORMATION

PART X (A)

ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

FOR THE PERIOD FROM THE DATE OF INCORPORATION ON 15 JUNE 2018 TO 31 DECEMBER 2018

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors and Proposed Directors
Zaim Credit Systems Plc
Hill Dickinson LLP
8th Floor, 20 Primrose Street
London
EC2A 2EW

Beaumont Cornish Limited
10th Floor
30 Crown Place
London
EC2A 4EB

30 October 2019

Dear Sirs

We report on the financial information on Zaim Credit Systems Plc (the "Company") for the period from the date of incorporation of the Company on 15 June 2018 to 31 December 2018, set out in Part X(B) of the Company's prospectus issued in relation to the admission of all of the Company's issued ordinary shares to the Standard Listing segment of the Official List of the UK Listing Authority and dated 30 October 2019 (the "Prospectus"). This financial information has been prepared for inclusion in the Prospectus on the basis set out in note 3 to the financial information. This report is required by item 18.1 of Annex 1 to the Commission Delegated Regulation (EU) No 2019/980 supplementing Regulation (EU) No. 2017/1129 (the "Prospectus Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the Commission Delegated Regulation (EU) No 2019/980, consenting to its inclusion in the Prospectus.

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 significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion on financial information

In our opinion, the financial information set out in Part X (B) of the Prospectus gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 31 December 2018 and of its results, cash flows and changes in equity for the period from the date of incorporation on 15 June 2018, in accordance with the basis of preparation set out in note 3 to the financial information.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 to the Commission Delegated Regulation (EU) No 2019/980.

Yours faithfully

BDO LLP
Chartered Accountants

PART X (B)

HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	*As at 31 December 2018* £
ASSETS		
Current assets:		
Other receivables	6	60,000
Cash and cash equivalents		–
TOTAL ASSETS		60,000
EQUITY AND LIABILITIES		
Capital and reserves:		
Share capital	4	60,000
Retained earnings		(66,670)
Total equity attributable to equity holders		(6,670)
Current liabilities:		
Account payables	7	66,670
Total liabilities		66,670
TOTAL EQUITY AND LIABILITIES		60,000

STATEMENT OF COMPREHENSIVE INCOME

For the period from incorporation on 15 June 2018 to 31 December 2018

	Note	*Period ended 31 December 2018* *£*
Administrative expenses		(66,670)
Result before taxation		(66,670)
Taxation		–
Result after taxation		(66,670)
Other comprehensive income/(loss)		–
Total comprehensive income/(loss) for the period attributable to owners of the Company		(66,670)
Result per share – basic and diluted (expressed as £ per share)	5	(0.01)

STATEMENT OF CHANGES IN EQUITY

For the period from incorporation on 15 June 2018 to 31 December 2018

	Share capital £	*Retained earnings* £	*Total equity* £
Issue of shares on incorporation on 15 June 2018	60,000	–	60,000
Total comprehensive income/(loss) for the Period	–	(66,670)	(66,670)
Balance as at 31 December 2018	60,000	(66,670)	(6,670)

Share capital represents the amount paid for shares.

Retained earnings represents accumulated profit or loss.

STATEMENT OF CASH FLOWS

For the period from incorporation on 15 June 2018 to 31 December 2018

	Period ended 31 December 2018
	£
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating result before taxation and working capital changes	(66,670)
Change in trade and other receivables	(60,000)
Changes in trade and other payables	66,670
Net cash used for operating activities	(60,000)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	60,000
Net cash from financing activities	60,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	
Cash and cash equivalents at beginning of the financial period	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	–

The Company did not have a bank account or any cash during the period. A banking facility was opened subsequent to the period end.

NOTES TO THE FINANCIAL INFORMATION

For the period from incorporation on 15 June 2018 to 31 December 2018

1. GENERAL INFORMATION

The Company was incorporated and registered in England and Wales as a public company limited by shares on 15 June 2018 under the Companies Act 2006, with the name Agana Holdings Plc, and registered number 11418575. On 22 July 2019, the Company changed its name to Zaim Credit Systems Plc.

The Company's registered office is located at Hill Dickinson LLP, 8th Floor 20 Primrose Street, London United Kingdom EC2A 2EW.

2. PRINCIPAL ACTIVITIES

As at 31 December 2018, the principal activity of the Company was to seek acquisition opportunities, after the period end and following a significant group restructuring, as described in note 9 below, the principal activity of the Company has become that of a holding company.

3. BASIS OF PREPARATION

The Company has not yet commenced business, no audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The historical financial information is presented in Pounds Sterling ("£"), which is the Company's functional and presentational currency and has been prepared under the historical cost convention.

No comparative figures have been presented as the financial information covers the period from incorporation of the Company on 15 June 2018 to 31 December 2018.

4. SHARE CAPITAL

On incorporation, the Company had an authorised share capital of £60,000 divided into 6,000,000 ordinary shares of a par value of £0.01 each.

The movements in the issued share capital of the Company are as follows:

	£
On incorporation on 15 June 2018:	
Issue of 6,000,000 ordinary shares for £0.01 each	60,000
Additional shares issued	–
At 31 December 2018	60,000

Share capital is unpaid as at the period end, issued at par value with equal voting rights.

5. RESULT PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period. Diluted earnings per share are determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

There is no difference between the basic and diluted earnings per share, as the Company has no potential ordinary shares.

	Period ended 31 December 2018
Result attributable to ordinary shareholders (£)	(66,670)
Weighted average number of shares	6,000,000
Result per share (expressed as £ per share)	(0.01)

6. OTHER RECEIVABLES

	31 December 2018 £
Unpaid share capital	60,000
	60,000

7. ACCOUNT PAYABLES

No payments had been made by 31 December 2018.

8. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

9. SUBSEQUENT EVENTS

Share capital were fully paid by 26 April 2019.

On 18 September 2019 the Company issued 320,000,000 at a price of 2.5 pence per share to acquire 100% of the share capital of Zaim-Express LLC.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit and interest rate risks are not considered to be material to the Company. Exposure to liquidity and foreign currency risks arises in the normal course of the Company's operations. These risks are limited by the Company's financial management policies and practices described below:

(a) ***Liquidity risk***

The directors have the responsibility of liquidity risk management. As at the period end no cash transactions have occurred and no bank account was in use. A bank account has been set up post period end. The directors monitor and maintain a level of bank and cash balances deemed adequate to mitigate the effects of fluctuations in cash flows.

The directors monitor rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its banking facilities at all times.

The Company's financial liabilities all mature within one year. As at the period end no cash transactions have occurred and no bank account was in use.

(b) ***Foreign currency risk***

The Company undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The directors consider there to be no material exposure to foreign currencies at the year end.

11. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory financial statements of the Company.

PART X (C)

ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ZAIM EXPRESS LLC

FOR THE THREE FINANCIAL PERIODS ENDED 31 DECEMBER 2018

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors and Proposed Directors
Zaim Credit Systems Plc
C/O Hill Dickinson LLP
8th Floor, 20 Primrose Street
London
EC2A 2EW

Beaumont Cornish Limited
10th Floor
30 Crown Place
London
EC2A 4EB

30 October 2019

Dear Sirs

We report on the financial information on Zaim Express LLC (the "Zaim-Express") for the three financial periods ended 31 December 2018 (together, the "financial information") set out in Part X(D). This financial information has been prepared for inclusion in the prospectus dated 30 October 2019 of Zaim Credit Systems Plc (the "Prospectus") on the basis of the accounting policies set out in note 3 to the financial information. This report is required by item 18.1 of Annex 1 to the Commission Delegated Regulation (EU) No. 2019/980 supplementing Regulation (EU) No. 2017/1129 (the "Prospectus Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the Commission Delegated Regulation (EU) No. 2019/980, consenting to its inclusion in the Prospectus.

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 significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In our opinion, the financial information on Zaim-Express gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 31 December 2016, 31 December 2017, 31 December 2018 respectively and of its results, cash flows, changes in equity for each of the three years ended 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 to the Commission Delegated Regulation (EU) No. 2019/980.

Yours faithfully

BDO LLP
Chartered Accountants

PART X (D)

HISTORICAL FINANCIAL INFORMATION OF ZAIM EXPRESS LLC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016, 2017 and 2018

	Note	*2016* *£'000*	*2017* *£'000*	*2018* *£'000*
ASSETS				
Non-current assets:				
Property and equipment	5	22	17	13
		22	17	13
Current assets:				
Cash and cash equivalents	6	645	457	454
Loans to customers	7	2,720	1,079	640
Other assets	8	667	337	229
		4,032	1,873	1,323
TOTAL ASSETS		4,054	1,890	1,336
EQUITY AND LIABILITIES				
Capital and reserves:				
Charter capital	11	2,446	2,446	2,446
Additional capital	9	–	–	29,046
Accumulated deficit		(24,383)	(36,440)	(38,070)
Translation reserve		1,175	2,165	6,002
Total equity attributable to equity holders		(20,762)	(31,828)	(576)
Current liabilities:				
Loans received	9	22,216	31,688	907
Other liabilities	10	2,600	2,030	1,005
Total liabilities		24,816	33,718	1,912
TOTAL EQUITY AND LIABILITIES		4,054	1,890	1,336

STATEMENT OF COMPREHENSIVE INCOME

For the three years ended 31 December 2016, 2017 and 2018

	Note	*2016* *£'000*	*2017* *£'000*	*2018* *£'000*
Interest income	12	13,796	15,331	10,216
Interest expense	12	(3,536)	(6,492)	(2,457)
Net interest income		10,260	8,839	7,759
Gains less losses from dealing in foreign currency	13	3,999	(2,151)	(821)
Other operating income		128	372	826
Operating income		14,387	7,060	7,764
Allowance for ECL/impairment of loans to customers	14	(8,470)	(8,723)	(4,213)
Staff costs	15	(3,076)	(4,284)	(2,336)
Operating expenses	16	(4,914)	(6,109)	(2,758)
Loss before taxation		(2,074)	(12,056)	(1,543)
Taxation	17	(611)	–	–
Net loss		(2,685)	(12,056)	(1,543)
Other comprehensive income/(loss)		(5,806)	990	3,837
Total comprehensive income/(loss) for the period attributable to owners of the company		(8,491)	(11,066)	2,294
Result per share – basic and diluted (expressed as £ per share)		N/A	N/A	N/A

STATEMENT OF CHANGES IN EQUITY

For the three years ended 31 December 2016, 2017 and 2018

	Charter capital £'000	*Additional Capital £'000*	*Accumulated deficit £'000*	*Retranslation Reserve £'000*	*Total equity £'000*
Balance as at 1 January 2016	2,446	–	(21,698)	6,981	(12,271)
Retranslation of foreign operations	–	–	–	(5,806)	(5,806)
Net loss for 2016	–	–	(2,685)	–	(2,685)
Balance as at 31 December 2016	2,446	–	(24,383)	1,175	(20,762)
Retranslation of foreign operations	–	–	–	990	990
Net loss for 2017	–	–	(12,056)	–	(12,056)
Balance as at 31 December 2017	2,446	–	(36,440)	2,165	(31,828)
Impact of IFRS 9 adoption (Note 3)	–	–	(87)	–	(87)
Balance as at 1 January 2018 restated in accordance with IFRS 9	2,446	–	(36,527)	2,165	(31,828)
Financial assistance from the participant (Note 9)	–	29,046	–	–	29,046
Retranslation of foreign operations	–	–	–	3,837	3,837
Net loss for 2018	–	–	(1,543)	–	(1,543)
Balance as at 31 December 2018	2,446	29,046	(38,070)	6,002	(576)

STATEMENT OF CASH FLOWS

For the three years ended 31 December 2016, 2017 and 2018

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received	12,125	12,438	8,160
Interest paid	(3,833)	(5,999)	(2,171)
Gains less losses from dealing in foreign currency	(36)	(14)	3
Other operating income	127	24	12
Staff costs	(2,926)	(4,484)	(2,399)
Operating expenses	(4,371)	(5,739)	(2,647)
Operating result before taxation and working capital changes	1,086	(3,774)	958
Net (increase)/decrease in operating assets/ liabilities			
Change in loans to customers	(7,288)	(4,190)	(1,831)
Change in other assets	(264)	(8)	24
Change in other liabilities	101	(21)	(10)
Net cash flows used for operating activities	(6,365)	(7,993)	(859)
CASH FLOWS FROM INVESTING ACTIVITIES			
New loans from banks	3,512	–	–
Proceeds from placements under fiduciary management agreement	957	–	–
Proceeds of placements	–	6	5
Purchase of property and equipment	(11)	(8)	(4)
Net cash flows from investing activities	4,459	(1)	1
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan received	14,123	21,284	943
Repayment of loans received	(14,224)	(13,490)	–
Net cash flows from financing activities	(101)	7,794	943
Effect of exchange rate changes on cash and cash equivalents	562	13	(89)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,446)	(188)	(3)
Cash and cash equivalents at beginning of the year	2,091	645	457
CASH AND CASH EQUIVALENTS AT END OF THE year (Note 6)	645	457	454

NOTES TO THE FINANCIAL INFORMATION

For the three years ended 31 December 2016, 2017 and 2018
(in thousands of British Pound Sterling)

1. Principal Activities of Zaim-Express

Zaim Express LLC ("Zaim-Express") was established in the Russian Federation as a Limited Liability Company on 14 March 2011. On 20 February 2017 Zaim-Express's participant approved the change of the company's name from LLC MC "Zaim-Express" to Zaim-Express, LLC. The principal activity of Zaim-Express is the issue of microloans to individuals.

Zaim-Express's registered office is at: apts. 1-12, 1/26, section 7, Bolshoi Trekhgorny Lane, Moscow, 123022, Russian Federation.

Zaim-Express has 113 stores (31 December 2017: 170 stores, 31 December 2016: 246 stores), from which it conducts business throughout the Russian Federation. Zaim-Express's assets and liabilities are located in the Russian Federation.

As at 31 December 2018, the total number of Zaim-Express employees was 378 people (31 December 2017: 484 people, 31 December 2016: 640 people).

Below is the information about Zaim-Express's main participants:

Name	*2016 Ownership (%)*	*2017 Ownership (%)*	*2018 Ownership (%)*
Eastern Europe Resources S.A.	100.0	100.0	100.0
Total:	100.0	100.0	100.0

Following a group restructuring exercise which took place on 24 July 2019, Eastern Europe Resources S.A. transferred its 100% ownership to Zaim SA.

The ultimate controlling party of Zaim-Express is an individual – Mr. Siro Donato Cicconi.

2. Operating Environment of Zaim-Express

General

The economy of the Russian Federation continues to display certain characteristics of an emerging market. These characteristics include, in particular, inconvertibility of the national currency in most countries outside of Russia and relatively high inflation rates. The current Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. Russia continues economic reforms and development of the legal, tax and administrative framework to comply with the market economy requirements. The economic reforms conducted by the Government are aimed at retooling the Russian economy, development of high-tech productions, enhancement of labour productivity and competitiveness of the Russian products on the world market.

Starting from March 2014 the US, EU and some other countries imposed several sets of sanctions against certain Russian officials, businessmen and companies. The EU prolonged economic sanctions against Russia until 31 July 2019. These sanctions caused restricted access of certain Russian companies to international capital and export markets. The official US Dollar exchange rate set by the Central Bank of the Russian Federation appreciated from RUB 57.6002 to RUB 69.4706 during 2018. The remaining uncertainty as to further deterioration in the operating environment affects the future financial position and activities of Zaim-Express. Management of Zaim-Express believes it is taking all the necessary measures to support the sustainability and further development of business operations of Zaim-Express in these circumstances.

In January 2018, the rating agency Moody's Investors Service reaffirmed Russia's long-term foreign currency credit rating at Ba1, upgrading the outlook from stable to positive.

In February 2018, the international rating agency S&P Global Ratings raised Russia's rating to the investment level of BBB – from a speculative BB+ with a stable outlook.

As at 31 December 2018, the key rate set by the Bank of Russia remained at 7.75% (as at 31 December 2017 – 7.75%).

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

3. Basis of Presentation

General principles

The financial information on Zaim-Express has been prepared in accordance with International Financial Reporting Standards (IFRS). Zaim-Express maintains its records in compliance with the applicable legislation of the Russian Federation. This financial information has been prepared on the basis of those accounting records and adjusted as necessary in order to comply, in all material respects, with IFRS. Except for changes in accounting policies resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these principles have been applied consistently to all periods presented in the financial information, unless otherwise stated.

Functional and presentation currency

The functional currency is the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for goods and services are denominated and settled) and which mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

The presentation currency is the currency in which financial information are presented and which are presented in the nearest thousands.

The financial information is presented in British Pound Sterling ("£") which is different to the functional currency of Zaim-Express Russian Roubles ("RUB").

Going concern

This financial information reflects Zaim-Express management's current assessment of the impact of the Russian business environment on the operations and the financial position of Zaim-Express. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of measures undertaken by the Russian Federation Government and other factors, including regulatory and political developments which are beyond Zaim-Express's control. Zaim-Express's management cannot predict what impact these factors can have on Zaim-Express's financial position in future.

This financial information was prepared on a going concern assumption. Zaim-Express's liquidity position disclosed in Note 17 indicates that Zaim-Express has adequate liquid funds to meet its current liabilities.

As at 31 December 2018, Zaim-Express has an accumulated deficit of £38.1 million (2017: £36.4 million, 2016: £24.4 million), and incurred a net loss of £1.5 million during 2018 (2017: £12.1 million, 2016: £2.7 million). As at 31 December 2018, liabilities exceeded total assets by £0.6 million (2017: £31.8 million, 2016: £20.8 million). To cover operating losses and expand the loan portfolio, Zaim-Express is financed primarily by its sole participant (Eastern Europe Resources S. A.). As at 31 December 2018, 47% (2017: 94%, 2016: 89%) of Zaim-Express's liabilities represent loans received from Zaim-Express's sole participant.

The CBR sets the minimum value of the mandatory liquidity ratio at more than 70%. Zaim-Express did not comply with this mandatory liquidity ratio: as at 31 March 2018 it was 46.4% and as at 31 December 2017 it stood at 38.7%. This breach has been eliminated upon completion of conversion of the loans provided to Zaim-Express by the participant into equity to cover accumulated deficit. Zaim-Express complied with the statutory liquidity ratio set by the CBR as at 31 December 2018 (unaudited).

The above factors in conjunction with continuing economic and political changes taking place in the Russian Federation indicate that a material uncertainty exists that may cast significant doubt on Zaim-Express's ability to continue as a going concern. This ability depends on future events, including achieving the level of the loans to customers portfolio sufficient to incur costs and earn profits and the ability and willingness of Zaim-Express's sole participant to continue with financial assistance to Zaim-Express.

In 2018 Zaim-Express's management submitted to the sole participant a request for extension of duration of loans provided to Zaim-Express and the conversion of these loans into additional capital. This helped Zaim-Express comply with the economic ratios set by the Central Bank of Russia ("CBR"). The loan conversion resulted in decrease in the interest expense during 2018.

Critical accounting estimates and judgements in applying accounting policies

Zaim-Express makes estimates and assumptions that affect the amounts recognised in the financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain professional judgements and estimations in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Calculation and measurement of ECLs is an area of significant judgement, and implies methodology, models and data inputs. The methodology used by Zaim-Express for assessment of expected credit losses is disclosed in Note 18. The following components of ECL calculation have the major impact on allowance for ECLs: default definition, SICR, PD, EAD, LGD, macromodels and scenario analysis for impaired loans. Zaim-Express regularly reviews and validates models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Significant increase in credit risk (SICR). In order to determine whether there has been a significant increase in credit risk, Zaim-Express compares the risk of a default occurring over the expected life of a financial instrument at the reporting date with the risk of default at the date of initial recognition. IFRS 9 requires an assessment of relative increases in credit risk rather than the identification of a specific level of credit risk at the reporting date. In this assessment, Zaim-Express considers a range of indicators, including behavioural indicators based on historical information as well as reasonable and supportable forward looking information available without undue cost and effort. The most significant judgments include: identifying behavioural indicators of increases in credit risk prior to default and incorporating appropriate forward looking information into the assessment, either at an individual instrument, or on a portfolio level. The definition of significant increase in Zaim-Express's credit risk is disclosed in Note 3.

Determining business model and applying SPPI test. In determining the appropriate measurement category for debt financial instruments, Zaim-Express applies two approaches: business model assessment for managing the assets and the SPPI test based on contractual cash flows characteristics on initial recognition to determine whether they are solely payments of principal and interest. The business model assessment is performed at a certain level of aggregation, and Zaim-Express will need to apply judgement to determine the level at which the business model condition is applied.

Transition to new or revised standards

Adoption of *IFRS 9 Financial Instruments.* Zaim-Express has adopted *IFRS 9 Financial Instruments* with a date of initial application of 1 January 2018, which has led to changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

Zaim-Express adopted an approach without restatement of comparatives and elected to recognise any adjustments to the carrying amounts of financial assets and liabilities at the date of initial application in the opening retained earnings of the current period. Consequently, the revised requirements of *IFRS 7 Financial Instruments*: Disclosures have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

Classification and measurement

Under IFRS 9 equity financial assets are required to be classified at initial recognition as FVPL, unless an irrevocable designation is made by Zaim-Express to classify the instrument as FVOCI.

Debt financial assets that do not meet a "solely payment of principal and interest" (SPPI) criterion are classified at initial recognition as at fair value through profit or loss (FVPL). Under this criterion, debt instruments that do not correspond to a “basic lending arrangement” are measured at FVPL. For debt financial assets that meet the SPPI criterion, classification at initial recognition is determined based on Zaim-Express’s business model under which these instruments are managed:

- debt financial assets that are managed on a “hold to collect contractual cash flows” basis are measured at amortised cost;
- debt financial assets that are managed on a “hold to collect contractual cash flows and sell” basis are measured at fair value through other comprehensive income (FVOCI);
- debt financial assets that are managed for other purposes are measured at FVPL.

Loans to customers that meet the SPPI criterion are held for the purpose of collecting contractual cash flows and are carried at amortised cost.

Impairment

Adoption of IFRS 9 fundamentally changes the accounting for impairment of loans to customers. A forward-looking approach is applied requiring calculation of expected credit losses (ECL) rather than application of incurred loss model stipulated by IAS 39. Starting from 1 January 2018, Zaim-Express recognizes allowance for ECL for all loans to customers and other debt financial assets not measured at FVPL (hereinafter – financial instruments). Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on credit losses expected to arise over the life of the asset (lifetime ECL), if there has been a significant increase in credit risk since the date of initial recognition. Otherwise, the allowance is based on the 12-month expected credit losses (12mECL). 12-month ECL are part of lifetime ECL and represent ECL arising from defaults on a financial instrument expected to occur 12 months after the reporting date. Both the lifetime ECL and the 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the basic portfolio of financial instruments.

Zaim-Express assesses whether a financial instrument’s credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. Zaim-Express combines its loans to customers into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 includes financial instruments with no significant increase in credit risk since initial recognition. For such assets, 12-month ECL is recognised and interest income is calculated on the basis of the gross carrying amount of the asset.
- Stage 2 includes financial instruments for which a significant increase in credit risk since initial recognition exist and no impairment indicators are identified. For these financial assets, the amount of expected credit losses is determined as the lifetime ECL and interest income is calculated on the basis of the asset’s gross carrying amount.
- Stage 3 includes financial assets, for which impairment indicators were identified at the reporting date. For these assets, the amount of expected credit losses is determined as the lifetime ECL and interest income is calculated on the basis of the residual value of assets reflecting the effect of discounted expected cash flows from loans.

For financial assets for which Zaim-Express has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. Such a decrease is considered (partial) de-recognition of the financial asset.

At each reporting date, Zaim-Express performs an analysis to identify a significant increase in credit risk since recognition of the financial instrument. This assessment is based on qualitative and quantitative information. The quantitative assessment is based on changes in the risk of default occurring over the expected life of the financial instrument. The qualitative assessment is based on a number of factors which are important in establishing an increase in credit risk such as macroeconomic and external factors.

Significant increase in credit risk (SICR) – assessment of a significant increase in credit risk is performed on a portfolio basis for loans to individuals.

Zaim-Express concludes that there has been a significant increase in credit risk for a financial instrument when one or more of the following quantitative, qualitative or restrictive criteria are met:

- debt that is more than 30 days past due;
- refinancing of current debt, which would not have been required if the customer had not experienced financial difficulties.

Default is recognized if a loan is more than 60 days past due.

Zaim-Express calculates ECL to estimate expected shortfalls in contractual cash flows discounted at the effective interest rate.

Cash shortfalls represent a difference between cash flows that are due to Zaim-Express under the contract and cash flows that Zaim-Express expects to receive. The ECL calculation method is outlined below, and its key elements are as follows:

Probability of default (PD)	This parameter is an estimate of the likelihood of default over a given time horizon. Default may occur only at a certain point of time within the stated period unless the asset was derecognized or excluded from the portfolio.
Exposure at default (EAD)	This parameter is an estimate of the exposure at default at a certain future date, adjusted to reflect its changes expected after the reporting date, including payments of interest or principal amount due under contracts, as well as interest accrued on overdue payments.
Loss given default (LGD)	This parameter is an estimate of losses arising on default at a certain point of time. As this parameter is influenced by the macroeconomic environment, the level of loss in case of default depends on a time span. Depending on the available information about the loss level, different LGD models are used. If there is sufficient information about the level of loss, LGD is estimated by comparing the loan amount outstanding at the pint of default (“EAD”) and the amount of discounted cash flows (“Workout LGD”). If information is restricted it is possible to use external data (“Implied Market LGD”).

When calculating the impairment amount, Zaim-Express considers the predictive information based on macroeconomic models and used to calibrate the probability of default.

As Zaim-Express has no reliable information on realisation of these macroeconomic variables in the future, the scenario estimation is impossible due to the existing uncertainty.

The input data for macroeconomic models include the values of major macroeconomic variables which are then used to adjust the corresponding initial parameters.

Macroeconomic indicators:

- Real GDP;
- Real wages
- Consumer price growth/HICP.

The following table reconciles the carrying amounts in accordance with IAS 39 to balances presented under IFRS 9 as at 1 January 2018:

	Measurement under IAS 39		*Remeasurement*	*Measurement under IFRS 9*	
Financial assets	*Category*	*Amount £'000*	*ECL £'000*	*Amount £'000*	*Category*
Cash and cash equivalents	Loans and receivables	457	–	457	Measured at amortised cost
Loan to customers	Loans and receivables	1,079	(87)	992	Measured at amortised cost
Other assets	Loans and receivables	6	–	6	Measured at amortised cost

Analysis of the effect of transition to IFRS 9 on Zaim-Express's equity is presented in the table below:

Retained earnings	*£'000*
Closing balance in accordance with IAS 39 (31 December 2017)	(36,400)
Recognition of ECL in accordance with IFRS 9 for assets measured at amortised cost	(87)
Opening balance restated in accordance with IFRS 9 (1 January 2018)	(36,527)

The following table reconciles the aggregate opening impairment allowances for loans to customers under IAS 39 and provisions for credit related commitments accrued under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to the allowances for expected credit losses under IFRS 9.

	Loan impairment allowance under IAS 39/IAS 37 as at 31 December 2017 £'000	*Remeasurement £'000*	*Allowance for expected credit losses under IFRS 9 as at 1 January 2018 £'000*
Impairment allowance			
Loans and receivables at amortised cost	27,771	87	27,858

IFRS 15 Revenue from Contracts with Customers

Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. However, the standard does not apply to revenue associated with financial instruments and leases, and therefore, does not impact the majority of Zaim-Express's revenue, including interest income, which are covered by IFRS 9 *Financial Instruments* and IAS 17 *Leases*. As a result, the majority of Zaim-Express's income is not impacted by the adoption of this standard.

Prior to application of IFRS 15, estimation of variable consideration was based on historical data. Under IFRS 15, revenue is recognized only to the extent that it is highly probable that a significant reversal in the amount of revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Zaim-Express concluded that the impact on the financial information was not material.

The following amended standards became effective for Zaim-Express from 1 January 2018, but have not had any material impact on Zaim-Express's financial information:

- Amendments to *IFRS 2 Share-based Payment* (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying *IFRS 9 Financial Instruments* with *IFRS 4 Insurance Contracts – Amendments to IFRS 4* (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary

exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).

- *Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 and IAS 28* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- *Transfers of Investment Property – Amendments to IAS 40* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2019, and which Zaim-Express has not early adopted.

IFRS 16 Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. There is not expected to be any material impact of the adoption of IFRS 16 on the financial statements of Zaim Express as any leases entered into are able to be terminated at no notice.

IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019). IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation. Zaim-Express is currently not aware of any material taxation uncertainty and therefore does not expect the adoption of IFRIC 23 to have a material effect on the financial statements.

4. Significant Accounting Policies

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Zaim-Express must have access to the principal or most advantageous market.

An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1 — quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;

– Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

– Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are remeasured in the financial information at fair value on a recurring basis, Zaim-Express determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, Zaim-Express has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained below (Note 20).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and deposits with banks with original maturity of three month or less. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Financial instruments – accounting policies following the adoption of IFRS 9

Key measurement terms

Depending on their classification, financial instruments are carried at fair value or amortised cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. Fair value is the current bid price for financial assets or current ask price for financial liabilities.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any loss allowance.

Gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any expected credit loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating or recognising the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, Zaim-Express shall estimate cash flows considering all contractual terms of the financial instrument but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument, Zaim-Express shall use the contractual cash flows over the full contractual term of the financial instrument.

Initial recognition of financial instruments

Zaim-Express recognises financial assets and liabilities in its statement of financial position when it becomes a party to the contractual obligation of the respective financial instrument. Regular way purchase and sale of the financial assets and liabilities are recognised using settlement date accounting.

Classification and measurement of financial instruments

Zaim-Express classifies financial assets into the following categories:

– financial assets at fair value through profit or loss;

– financial assets at fair value through other comprehensive income;

– financial assets measured at amortised cost.

Classification and subsequent n measurement of debt financial assets depends on:

1) the business model used by Zaim-Express to manage the asset; and

2) characteristics of cash flows on the asset.

Loans to customers meeting the SPPI criterion are held for the purpose of collecting contractual cash flows and are carried at amortised cost.

Derecognition

A financial asset is derecognised where:

• the rights to receive cash flows from the asset have expired;

• Zaim-Express has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party;

• Zaim-Express either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. If the transferee has no practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the transfer, the entity has retained control.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Loans to customers

Based on cash flow characteristics, Zaim-Express classifies loans and advances to customers into the measurement category:

1) at amortised cost: loans held to collect contractual cash flows, if these cash flows are SPPI and are not classified as at fair value through profit or loss, are measured at amortised cost;

Loans to customers are recorded when cash is advanced to borrowers.

Impairment of loans at amortised cost or at FVOCI is assessed using a forward-looking ECL model.

Zaim-Express does not acquire loans from third parties.

Impairment of financial assets: ECL allowance

Zaim-Express assesses, on a forward-looking basis, the ECL for debt instruments measured at amortised cost and FVOCI and for the exposures arising from credit related commitments and financial guarantee contracts. Zaim-Express measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects:

(i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,

(ii) time value of money and

(iii) all reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Debt instruments measured at amortised cost are presented in the statement of financial position net of the ECL allowance.

Zaim-Express applies a three stage model for impairment, based on changes in credit quality since initial recognition.

1) A financial instrument that is not credit-impaired on initial recognition is classified into Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months (12m ECL).

2) If Zaim-Express identifies a significant increase in credit risk (SICR) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis (lifetime ECL). Refer to Note 3 for a description of how Zaim-Express determines when a SICR has occurred.

3) If Zaim-Express determines that a financial asset is credit- impaired, the asset is transferred to Stage 3 and its ECL is measured as a lifetime ECL. Zaim-Express's definition of credit impaired assets and definition of default is explained in Note 3.

For financial assets that are purchased or originated credit-impaired (POCI assets), the ECL is always measured as a lifetime ECL.

Note 18 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how Zaim-Express incorporates forward-looking information in the ECL models.

Loans received

Loans received include loans received from the participant and are carried at amortised cost.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment allowance.

At each reporting date Zaim-Express assesses whether there is any indication of impairment of property and equipment. If such indication exists, Zaim-Express estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell or its value in use. Where the carrying amount of property and equipment is greater than their estimated recoverable amount, it is written down to their recoverable amount and the difference is charged as impairment loss to the statement of profit or loss and other comprehensive income.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and recorded as operating expenses in the statement of profit or loss and other comprehensive income.

Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income when the expense is incurred.

Depreciation

Depreciation of an asset begins when it is available for use. Depreciation is charged on a straight-line basis over the following useful lives of the assets:

- Equipment – 2- 7 years.

Operating lease – Zaim-Express as lessee

Leases of property under which the risks and rewards of ownership are effectively retained with the lessor are classified as operating leases. Lease payments under operating lease are recognised as expenses on a straight-line basis over the lease term and included into operating expenses in the statement of profit or loss and other comprehensive income.

Charter capital

Under Russian legislation, the sole participant in a limited liability company has no right to unilaterally withdraw from Zaim-Express. Accordingly, the charter capital is classified as equity in the statement of financial position.

Additional capital

Financial assistance received from the participant is recognized in Zaim-Express ‘s equity at the time when funds are received.

Provisions

Provisions are recognised when Zaim-Express has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying future economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Taxation

The income tax charge/recovery comprises current tax and deferred tax and is recorded in the statement of profit or loss and other comprehensive income. Income tax expense is recorded in the financial statements in accordance with the applicable legislation of the Russian Federation. Current tax is calculated on the basis of the estimated taxable profit for the year, using the tax rates enacted during the reporting periods.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current or prior periods. Tax amounts are based on estimates if financial statements are authorised prior to filing relevant tax returns.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial statement purposes.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised. Judgement is required to determine the amount of deferred tax assets that may be recognised in financial statements based on probable periods and amounts of future taxable profits and future tax planning strategies.

Income and expense recognition

Interest income and expense are recorded in the statement of profit or loss and other comprehensive income for all debt instruments on an accrual basis using the ***effective interest method***. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The ***effective interest rate*** is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, Zaim-Express estimates cash flows considering all contractual terms of the financial instrument, but does not consider future credit losses. The calculation includes all commissions and fees paid or received by the parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Employee benefits and social insurance contributions

Zaim-Express pays social insurance contributions on the territory of the Russian Federation. Social insurance contributions are recorded on an accrual basis and comprise contributions to the Russian Federation state pension, social insurance, and obligatory medical insurance funds in respect of Zaim-Express's employees. Zaim-Express does not have pension arrangements separate from the state pension system of the Russian Federation. Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leaves and paid sick leaves, bonuses and non-monetary benefits are accrued as Zaim-Express's employees render the related service.

Foreign currency

Foreign currency transactions are initially translated into the functional currency at the Central Bank of the Russian Federation exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the Central Bank of the Russian Federation exchange rate ruling at the end of the reporting period. Foreign exchange gains and losses resulting from translation of transactions in foreign currency are recorded in the profit or loss within foreign exchange translation gains less losses. Non-monetary items denominated in foreign currency and carried at cost are translated at the exchange rate of the Central Bank of the Russian Federation in effect at the transaction date. Non-monetary items denominated in foreign currency and carried at fair value are converted at the exchange rate in effect at the date the fair value is determined.

Gains and losses on purchase and sale of foreign currency are determined as a difference between the selling price and the carrying amount at the date of the transaction.

The underlying functional currency of the majority of the transactions and the books and records are denominated in Russian Roubles, being different to the presentational currency of Pounds Sterling. The translation of the financial statements information into the presentational currency is undertaken by converting the income statement at the average rate during the period, with the statement of financial position converted using the rate as at the balance sheet date. Translation differences are taken to the translation reserve within equity.

5. Property plant and equipment

Cost	*2016* *£'000*	*2017* *£'000*	*2018* *£'000*
Brought forward at beginning of period	30	41	49
Additions	11	8	4
Carried forward	41	49	53

Depreciation	*2016* *£'000*	*2017* *£'000*	*2018* *£'000*
Brought forward at beginning of period	11	19	32
Charge for the period	8	13	8
Carried forward	19	32	40
Net book value	22	17	13

6. Cash and cash equivalents

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Cash on hand	147	137	62
Accounts with other RF banks	498	320	392
Total cash and cash equivalents	645	457	454

As at 31 December 2018, Zaim-Express has 3 counterparties (2017: 2 counterparties; 2016: 1 counterparty), whose balances exceed 10% of total cash and cash equivalents. The gross value of those balances is £380,000 (2017: £287,000, 2016: £402,000).

The table below presents the credit quality analysis of cash and cash equivalents based on credit risk levels as at 31 December 2018.

	Accounts with other RF banks *£'000*	*Total* *£'000*
Minimum credit risk	392	392
Total cash and cash equivalents, less cash on hand	392	392

For the purpose of assessing expected credit losses, cash and cash equivalent balances are included in Stage 1. The expected credit losses on these balances represent insignificant amounts, therefore, Zaim-Express does not create an ECL allowance for cash and cash equivalents.

Below is the credit quality analysis of cash and cash equivalents as at 31 December 2017 in accordance with ratings of international agencies:

	S&P from BB- to BB+ *£'000*	*No rating assigned* *£'000*	*Total* *£'000*
Accounts with other RF banks	288	32	320
Total	288	32	320

Below is the credit quality analysis of cash and cash equivalents as at 31 December 2016 in accordance with ratings of international agencies:

	S&P from BB- to BB+ *£'000*	*No rating assigned* *£'000*	*Total* *£'000*
Accounts with other RF banks	95	403	498
Total	95	403	498

7. Loans to customers

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Loans to customers	24,471	28,850	29,154
Less: allowance for ECL/impairment of loans to customers	(21,751)	(27,771)	(28,514)
Total loans to customers at amortised cost	2,720	1,079	640

Below is analysis of movements in the ECL allowance during 2018 (by type of loans specified in the first table of the Note):

	Stage 1 *£'000*	*Stage 2* *£'000*	*Stage 3* *£'000*	*Total* *£'000*
ECL allowance as at 1 January 2018 (note 3)	176	790	26,892	27,858
Assets recognized for the period	3,390	–	–	3,390
Assets derecognized or collected	(13)	(30)	(126)	(169)
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	(443)	443	–	–
Transfers to Stage 3	(2,949)	(774)	3,723	–
Net loss on ECL allowance charge/(reversal)	–	2	987	989
Foreign Exchange	(20)	(7)	(3,525)	(3,552)
ECL allowance as at 31 December 2018	140	424	27,951	28,515

No assets derecognised or collected are subject to enforcement activity

The ECL allowance for loans and advances to customers recognized during the period is impacted by various factors. The table below describes the main changes:

- transfers between Stages 1 and 2 and Stage 3 due to significant increase (or decrease) in credit exposure or impairment during the period and subsequent increase (or decrease) in the estimated ECL level: for 12 months or over the entire period;
- accrual of additional allowances for new financial instruments recognized during the period, as well as reduction in allowance as a result of derecognition of financial instruments during the period;
- impact on ECL estimation due to changes in model assumptions, including changes in probability of default, EAD and LGD during the period resulting from regular updating of the model inputs;
- Following is the credit quality analysis of loans to customers as at 31 December 2018:

	Stage 1 *£'000*	*Stage 2* *£'000*	*Stage 3* *£'000*	*Total* *£'000*
Loans to customers				
Minimum credit risk	516	–	–	516
Low credit risk	–	219	–	219
Moderate credit risk	–	250	–	250
High credit risk	–	219	–	219
Default	–	–	27,950	27,950
Total loans to customers before allowance	516	688	27,950	29,154
ECL allowance	(140)	(424)	(27,950)	(28,515)
Total loans to customers after ECL allowance	376	264	–	640

Zaim-Express uses the following approach to estimation of expected credit losses:

- portfolio-based estimation: internal ratings are assigned individually, but the same credit risk parameters (e.g. PD, LGD) are applied to similar credit risk ratings and homogeneous credit portfolio segments in the process of ECL estimation).

This approach provides for aggregation of the portfolio into homogeneous segments on the basis of specific information on borrowers, such as delinquent loans, historic data on prior period losses and forward-looking macroeconomic information.

The amounts of loans recognised as "past due" represent the entire balance of such loans rather than the overdue amounts of individual payments.

Below is analysis of changes in allowance for impairment of loans to customers during 2016 and 2017.

	Loans to customers £'000
Allowance for impairment of loans to customers as at 1 January 2016	(10,121)
Allowance for impairment during 2016	(8,470)
Unwinding of discount	1,433
Write-offs	979
Foreign Exchange	(5,572)
Allowance for impairment of loans to customers as at 31 December 2016	(21,751)
Allowance for impairment during 2017	(8,707)
Unwinding of discount	1,843
Foreign Exchange	845
Allowance for impairment of loans to customers as at 31 December 2017	(27,771)

Following is the credit quality analysis of loans as at 31 December 2016:

	Gross loans £'000	*Impairment allowance £'000*	*Loans net of impairment allowance £'000*	*Impairment allowance to gross loans, %*
Collectively assessed loans to customers				
Current loans to customers (not past due)	1,921	(520)	1,400	27.1
Less than 30 days past due	1,277	(1,042)	234	81.7
30 to 60 days past due	1,029	(865)	165	84.0
61 to 91 days past due	892	(759)	133	85.1
92 to 183 days past due	2,316	(1,965)	351	84.9
184 to 274 days past due	2,007	(1,742)	265	86.8
275 to 360 days past due	1,693	(1,521)	172	89.8
More than 360 days past due	13,337	(13,337)	–	100.0
Total loans to customers	24,471	(21,751)	2,720	88.9

Following is the credit quality analysis of loans as at 31 December 2017:

	Gross loans £'000	*Impairment allowance £'000*	*Loans net of impairment allowance £'000*	*Impairment allowance to gross loans, %*
Collectively assessed loans to customers				
Current loans to customers (not past due)	1,026	(327)	699	31.9
Less than 30 days past due	526	(456)	70	86.7
30 to 60 days past due	455	(412)	44	90.4
61 to 91 days past due	356	(328)	27	92.3
92 to 183 days past due	1,259	(1,160)	99	92.1
184 to 274 days past due	2,091	(1,957)	134	93.6
275 to 360 days past due	2,700	(2,694)	6	99.8
More than 360 days past due	20,436	(20,436)	–	100.0
Total loans to customers	28,850	(27,771)	1,079	96.3

ECL allowance for loans to customers recognized during the period is impacted by different factors. Information on estimation of expected credit losses is disclosed in Note 3.

8. Other assets

	2016 £'000	2017 £'000	2018 £'000
Other financial assets			
Receivables under fiduciary management agreement	–	6	1
Total other financial assets	–	6	1
Other non-financial assets			
Rent prepayments	426	212	145
Settlements with suppliers	222	107	22
Taxes other income tax	–	–	37
Other	21	29	38
Less: allowance	(2)	(17)	(13)
Total other non-financial assets	667	331	228
Total other assets	667	337	229

The following table provides analysis on movements of impairment allowance for non-financial assets during three years ended 31 December 2018:

	Non-financial assets £'000	*Total* £'000
Impairment allowance for other assets as at 1 January 2016	(1)	(1)
Impairment allowance charge during 2016	–	–
Foreign exchange	(1)	(1)
Impairment allowance for other assets as at 31 December 2016	(2)	(2)
Impairment allowance charge during 2017	(16)	(16)
Foreign exchange	1	1
Impairment allowance for other assets as at 31 December 2017	(17)	(17)
Reversal of impairment allowance during 2018	2	2
Foreign exchange	2	2
Impairment allowance for other assets as at 31 December 2018	(13)	(13)

9. Loans received

	2016 £'000	2017 £'000	2018 £'000
Loan from the participant	22,216	31,688	907
Total loans received	22,216	31,688	907

As at 31 December 2018, loans received represent unpaid interest on 1 loan at 8.7% per annum forgiven by the shareholder. As at 31 December 2016 and 31 December 2017, Zaim-Express had 1 loan agreement with the shareholder at 12.6% per annum.

Reconciliation of movements of loans received to cash flows arising from financing activities is presented below.

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
As at 1 January	19,347	22,216	31,688
Changes from financing cash flows			
Proceeds from loans received	14,123	21,284	943
Repayment of loans received	(14,224)	(13,490)	(30,607)
Capitalisation of loan due from the shareholder			
Interest expense	3,536	6,492	2,457
Interest paid	(3,833)	(5,999)	(2,171)
Foreign exchange differences	3,268	1,185	(1,404)
As at 31 December	22,216	31,688	907

10. Other liabilities

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Other financial liabilities			
Accounts payable	346	67	62
Settlements with customers on penalties	208	35	90
Other settlements with customers	461	44	18
Other non-financial liabilities			
Taxes other than income tax	1,120	1,514	562
Provision for unused vacations	218	179	165
Payables to employees and payroll related taxes	246	191	108
Total other liabilities	2,600	2,030	1,005

11. Charter capital

Charter capital represents a contribution made by the sole participant of Zaim-Express.

Dividends payable are restricted to the amount of retained earnings of Zaim-Express, which is determined according to legislation of the Russian Federation. As at 31 December 2016, 31 December 2017 and 31 December 2018, Zaim-Express had accumulated losses, thus, there were no reserves available for distribution.

12. Interest income and interest expense

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Interest income			
Loans to customers	13,752	15,331	10,216
Placement with banks	43	–	–
Total interest income	13,796	15,331	10,216
Interest expense			
Loans received	(3,536)	(6,492)	(2,457)
Total interest expense	(3,536)	(6,492)	(2,457)
Net interest income	10,260	8,839	7,759

Interest income accrued on impaired loans to customers in 2018 amounts to £3,328,000 (2017: £1,912,000, 2016: £1,454,000).

Other operating income relates to reverse of provision for withholding taxes from previous years and were as follows:

Other operating income	*2016* *£'000*	*2017* *£'000*	*2018* *£'000*
Amounts received	128	372	826
Total Other operating income	128	372	826

13. Gains less losses from dealing in foreign currency

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Gain/(Loss) from revaluation of financial assets and liabilities	4,034	(2,138)	(825)
Realised gain/(loss) from foreign exchange transactions	(36)	(14)	3
Total gains less losses from dealing in foreign currency	3,999	(2,151)	(821)

14. Allowance for ECL/impairment of loans to customers

	Note	*2016* *£'000*	*2017* *£'000*	*2018* *£'000*
Loans to customers	7	8,470	8,707	4,215
Other assets	8	–	16	(2)
Total allowance for ECL/impairment of loans to customers		8,470	8,723	4,213

15. Staff costs

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Salary	2,387	3,407	2,094
Payroll related taxes	689	877	243
Total staff costs	3,076	4,284	2,336

16. Operating expenses

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
Rent	2,729	4,298	2,017
Taxes other than income tax	468	462	–
Consulting services	40	63	115
Communication	243	257	113
Banking services	48	67	61
Security	117	157	58
Postal services	81	126	48
State duty	54	249	26
Office equipment	101	60	22
Advertising and marketing	599	46	13
Material expenses	63	3	3
Repairs	99	49	2
Management expenses	89	69	–
Other	185	204	281
Total operating expenses	4,914	6,109	2,758

17. Income tax

As at 31 December 2016, 31 December 2017 and 31 December 2018, Zaim-Express has no current income tax expense. The current tax rate applicable to the majority of Zaim-Express's profit is 20% (2017: 20%, 2016: 20%).

Reconciliation between the theoretical and the actual taxation charge is provided below.

	2016 *£'000*	*2017* *£'000*	*2018* *£'000*
IFRS loss before taxation	(2,074)	(12,056)	(1,543)
Theoretical tax charge at the applicable statutory rate	415	2,411	309
Non-deductible expenses and other differences	(620)	(843)	(280)
Unrecognised deferred tax asset	(406)	(1,568)	(29)
Income tax expense for the year	(611)	–	–

Movements in temporary differences and tax loss carry-forwards during the two years ended 31 December 2017 are presented as follow:

	1 January 2016 £'000	*Movements recognised through profit or loss £'000*	*Effects of Foreign Exchange £'000*	*31 December 2016 £'000*	*Movements recognised through profit or loss £'000*	*Effects of Foreign Exchange £'000*	*31 December 2017 £'000*
Tax effect of temporary differences							
Loans to customers	1,417	137	635	2,189	(2,149)	10	50
Other assets	–	–	–	–	49	(2)	47
Loans received	(115)	238	(1)	121	505	(20)	606
Other liabilities	34	34	22	89	(13)	(2)	73
Accumulated tax losses	599	(611)	132	120	3,176	(109)	3,187
Property and equipment	–	(2)	–	(2)	1	–	(1)
Net deferred tax assets	1,935	(205)	788	2,518	1,568	(123)	3,962
Unrecognised tax assets	(1,420)	(406)	(691)	(2,518)	(1,568)	123	(3,962)
Recognised tax liabilities	(515)	611	(96)	–	–	–	–

Differences between IFRS and statutory taxation regulations of the Russian Federation give rise to certain temporary differences between the carrying amount of certain assets and liabilities for financial information purposes and for Zaim-Express's income tax purposes.

	2017 *£'000*	*Impact of IFRS 9 adoption* *£'000*	*Changes recognised through profit or loss* *£'000*	*Effects of Foreign Exchange* *£'000*	*2018* *£'000*
Tax effect of deductible temporary differences					
Loans to customers	50	17	39	(9)	97
Other assets	48	–	–	(6)	42
Loans received	606	–	(563)	(43)	–
Other liabilities	73	–	(10)	(8)	55
Tax loss carry-forwards	3,187	–	564	(412)	3,338
Net deferred tax assets	3,963	17	30	(478)	3,532
Tax effect of deductible temporary differences					
Property and equipment	(1)	–	(1)	–	(2)
Gross deferred tax liabilities	(1)	–	(1)	–	(2)
Total net deferred tax asset	3,962	17	29	(478)	3,530
Unrecognised tax assets	(3,962)	(17)	(29)	478	(3,530)
Recognised tax liabilities	–	–	–	–	–

18. Risk Management

The risk management function within Zaim-Express is carried out in respect of financial risks (credit, market, currency, liquidity and interest rate), operational and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The assessment of exposure to risks also serves as a basis for optimal distribution of risk-adjusted capital, transaction pricing and business performance assessment. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk. Credit risk is the risk of financial loss to Zaim-Express if a counterparty to a financial instrument fails to meet its contractual obligations within the specified period. Zaim-Express has policies and procedures for the management of credit exposures (both for recognised financial assets and unrecognised contractual commitments), including requirements to establishment and monitoring of loan portfolio concentration limits.

The credit policy establishes:

- procedures for review and approval of loan applications,
- methodology for assessment of borrowers' solvency,
- credit documentation requirements,
- procedures for the ongoing monitoring of loans and other credit exposures.

Zaim-Express continuously monitors the performance of individual loans and regularly reassesses the creditworthiness of its customers. The review is based on the most recent delinquency statistics.

Zaim-Express applies the expected credit loss model for the purpose of provisioning for financial debt instruments, the key principle of which is timely reflection of deterioration or improvement in the credit quality of debt financial instruments based on current and forward-looking information.

The amount of ECL recognised as a credit loss allowance depends on the extent of credit quality deterioration since initial recognition of a debt financial instrument.

Credit risk classification system. Each level of credit risk is assigned a certain degree of solvency, using a single scoring system:

- *minimum credit risk* – high credit quality with low expected credit risk, debt is not past due;
- *low credit risk* – sufficient credit quality with average credit risk, debt is prolonged and not past due;
- *moderate credit risk* – average credit quality with satisfactory credit risk, the debt is from 1 to 30 days past due;
- *high credit risk* – low credit quality with unsatisfactory credit risk, high probability of default, the debt is from 31 to 60 days past due;
- *default* – assets that meet the definition of default, the debt is more than 60 days past due.

Expected credit losses on financial assets that are not impaired are usually measured on the basis of default risk over one or two different time periods, depending on whether there has been a significant increase in the borrower's credit risk since initial recognition.

Zaim-Express performs collective assessment of loans to individuals. This approach provides for aggregation of the portfolio into homogeneous segments based on specific information about borrowers, such as delinquent loans, historic data on prior period losses and forward-looking macroeconomic information.

Collective assessment principles: for assessing risk stages and estimating ECL on a collective basis, Zaim-Express combines its loans into segments based on shared credit risk characteristics, so that exposure within a grouping had a homogeneous pattern.

Market risk. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

Zaim-Express accepts the risk of effect of foreign currency exchange rate fluctuations on its financial position and cash flows. Currency risk arises when the existing or prospective assets in foreign currencies are greater or lower than the existing or prospective liabilities in the same currencies. Zaim-Express's management controls the exposure to currency risk on a regular basis.

As at 31 December 2016, Zaim-Express's position on currencies was as follows:

	RUB	*USD*	*EUR*	*Total*
Assets				
Cash and cash equivalents	640	1	4	645
Loans to customers	2,720	–	–	2,720
Property and equipment	22	–	–	22
Other assets	667	–	–	667
Total assets	4,049	1	4	4,054
Liabilities				
Loans received	–	–	22,216	22,216
Other liabilities	2,600	–	–	2,600
Total liabilities	2,600	–	22,216	24,816
Net position	1,449	1	(22,212)	(20,762)

As at 31 December 2017, Zaim-Express' position on currencies was as follows:

	RUB	*USD*	*EUR*	*Total*
Assets				
Cash and cash equivalents	457	–	–	457
Loans to customers	1,079	–	–	1,079
Property and equipment	17	–	–	17
Other assets	336	–	–	336
Total assets	1,890	–	–	1,890
Liabilities				
Loans received	–	–	31,688	31,688
Other liabilities	2,030	–	–	2,030
Total liabilities	2,030	–	31,688	33,718
Net position	(140)	–	(31,688)	(31,828)

The table below provides an analysis of Zaim-Express's currency risk as at 31 December 2018.

	RUB	*USD*	*EUR*	*Total*
Assets				
Cash and cash equivalents	453	1	1	455
Loans to customers	640	–	–	640
Property and equipment	14	–	–	14
Other assets	229	–	–	229
Total assets	1,334	1	1	1,336
Liabilities				
Loans received	–	–	907	907
Other liabilities	1,005	–	–	1,005
Total liabilities	1,005	–	907	1,912
Net position	329	1	(907)	(576)

The table below shows the change in the financial result and equity due to possible fluctuations of exchange rates used at the end of the reporting period, if all other conditions remain unchanged. Reasonably expected exchange rate changes for each currency were projected on the basis of historical information on maximum daily exchange rate fluctuations in December 2016.

	31 December 2016	
	Effect on profit or loss before taxation £'000	*Effect on equity £'000*
EUR appreciation by 2%	(402)	(295)
EUR depreciation by 2%	402	295

The table below shows the change in the financial result and equity due to possible fluctuations of exchange rates used at the end of the reporting period, if all other conditions remain unchanged. Reasonably expected exchange rate changes for each currency were projected on the basis of historical information on maximum daily exchange rate fluctuations in December 2017.

	31 December 2017	
	Effect on profit or loss before taxation £'000	*Effect on equity £'000*
EUR appreciation by 2%	(656)	(525)
EUR depreciation by 2%	656	525

The table below shows the change in the financial result and equity due to possible fluctuations of exchange rates used at the end of the reporting period, if all other conditions remain unchanged. Reasonably expected exchange rate changes for each currency were projected on the basis of historical information on maximum daily exchange rate fluctuations in December 2018.

	31 December 2018	
	Effect on profit or loss before taxation £'000	*Effect on equity £'000*
EUR appreciation by 6%	(57)	(34)
EUR depreciation by 6%	57	34

The risk was calculated only for cash balances in major currencies other than Zaim-Express's functional currency.

The impact of movements in other currencies on Zaim-Express 's profit and equity is not significant.

Liquidity risk.

Liquidity risk is defined as the risk when the maturity of assets and liabilities does not match. Zaim-Express does not accumulate cash resources to meet calls on all liabilities mentioned above, as based on the existing practice it is possible to forecast with a sufficient degree of certainty the required level of cash funds necessary to meet the above obligations.

To manage its liquidity, Zaim-Express is required to analyse the level of liquid assets needed to settle the liabilities on their maturity, provide access to various sources of financing, draw up plans to solve the problems with financing and exercise control over compliance of the liquidity ratios with the statutory laws and regulations.

The CBR sets and monitors liquidity requirements for microfinance organisations. Zaim-Express calculates the liquidity ratio in accordance Instruction No. 4384-U of the Central Bank of the Russian Federation "On establishment of economic standards for a microloan company attracting loan funds from individuals, including individual entrepreneurs who are founders (participants, shareholders), and (or) legal entities" dated 24 May 2017. As at 31 December 2016, 31 December 2017 and 31 December 2018, the minimum liquidity ratio was 70%. Zaim-Express provides the territorial CBR division that supervises its activities with information on mandatory liquidity ratio in accordance with the set format on a quarterly basis as at the first day of each month.

In case values of liquidity ratio approach the limit set by the CBR, this information is communicated to the participant of Zaim-Express. Zaim-Express complied with the statutory liquidity ratio set by the CBR as at 31 December 2016 (unaudited). Zaim-Express did not comply with the statutory liquidity ratio set by the CBR as at 31 December 2017 (unaudited) or as at 31 March 2018. This breach has been eliminated upon completion of conversion of the loans provided to Zaim-Express by the participant into equity to cover accumulated deficit. Zaim-Express complied with the statutory liquidity ratio set by the CBR as at 31 December 2018 (unaudited).

The maturity analysis of financial liabilities as at 31 December 2016 is presented in the table below:

	On demand and less than 1 month £'000	*From 1 to 3 months £'000*	*From 3 to 6 months £'000*	*From 6 to 12 months £'000*	*More than 1 year £'000*	*Total gross amount outflow £'000*	*Carrying amount £'000*
Liabilities							
Loans received	692	1,745	3,148	3,342	19,243	28,169	22,216
Other liabilities	937	–	78	–	–	1,015	1,015
Total potential future payments under financial liabilities	1,629	1,745	3,226	3,342	19,243	29,185	23,231

The maturity analysis of financial liabilities as at 31 December 2017 is presented in the table below:

	On demand and less than 1 month £'000	*From 1 to 3 months £'000*	*From 3 to 6 months £'000*	*From 6 to 12 months £'000*	*More than 1 year £'000*	*Total gross amount outflow £'000*	*Carrying amount £'000*
Liabilities							
Loans received	284	4,306	4,016	8,504	18,833	35,943	31,688
Other liabilities	102	–	44	–	–	145	145
Total potential future payments under financial liabilities	385	4,306	4,060	8,504	18,833	36,088	31,834

The maturity analysis of financial liabilities as at 31 December 2018 is presented in the table below:

	On demand and less than 1 month £'000	*From 1 to 3 months £'000*	*From 3 to 6 months £'000*	*From 6 to 12 months £'000*	*More than 1 year £'000*	*Total gross amount outflow £'000*	*Carrying amount £'000*
Liabilities							
Loans received	907	–	–	–	–	907	907
Other liabilities	129	9	30	2	–	170	170
Total potential future payments under financial liabilities	1,036	9	30	2	–	1,077	1,077

The table below shows an analysis of assets and liabilities by expected maturities as at 31 December 2016:

	On demand and less than 1 month £'000	*From 1 to 3 months £'000*	*From 3 to 6 months £'000*	*From 6 to 12 months £'000*	*More than 1 year £'000*	*Overdue £'000*	*No stated maturity £'000*	*Total £'000*
Assets								
Cash and cash equivalents	645	–	–	–	–	–	–	645
Loans to customers	886	333	140	42	–	1,320	–	2,720
Property and equipment	–	–	–	–	–	–	22	22
Other assets	341	326	–	–	–	–	–	667
Total assets	1,871	659	140	42	–	1,320	22	4,054
Liabilities								
Loans received	(442)	(1,251)	(2,484)	(2,053)	(15,986)	–	–	(22,216)
Other liabilities	(1,402)	(42)	(1,156)	–	–	–	–	(2,600)
Total liabilities	(1,844)	(1,293)	(3,640)	(2,053)	(15,986)	–	–	(24,816)
Net liquidity gap as at 31 December 2016	27	(634)	(3,500)	(2,011)	(15,986)	1,320	22	(20,762)
Cumulative liquidity gap as at 31 December 2016	27	(607)	(4,108)	(6,119)	(22,104)	(20,784)	(20,762)	

The table below shows an analysis of assets and liabilities by expected maturities as at 31 December 2017:

	On demand and less than 1 month	*From 1 to 3 months*	*From 3 to 6 months*	*From 6 to 12 months*	*More than 1 year*	*Overdue*	*No stated maturity*	*Total*
Assets								
Cash and cash equivalents	457	–	–	–	–	–	–	457
Loans to customers	699	–	–	–	–	380	–	1,079
Property and equipment	–	–	–	–	–	–	17	17
Other assets	201	108	9	16	–	2	–	336
Total assets	1,357	108	9	16	–	382	17	1,890
Liabilities								
Loans received	(282)	(4,191)	(3,779)	(7,531)	(15,905)	–	–	(31,688)
Other liabilities	(371)	(13)	(1,596)	(50)	–	–	–	(2,030)
Total liabilities	(652)	(4,204)	(5,375)	(7,581)	(15,905)	–	–	(33,718)
Net liquidity gap as at 31 December 2017	704	(4,097)	(5,366)	(7,565)	(15,905)	383	17	(31,828)
Cumulative liquidity gap as at 31 December 2017	704	(3,392)	(8,758)	(16,323)	(32,228)	(31,846)	(31,828)	

Zaim-Express does not use the above undiscounted amounts in the maturity analysis to monitor the liquidity profile. Instead, Zaim-Express monitors the expected maturity limits that are shown in the table below as at 31 December 2018:

	On demand and less than 1 month £'000	*From 1 to 3 months £'000*	*From 3 to 6 months £'000*	*From 6 to 12 months £'000*	*More than 1 year £'000*	*Overdue £'000*	*No stated maturity £'000*	*Total £'000*
Assets								
Cash and cash equivalents	454	–	–	–	–	–	–	454
Loans to customers	537	–	–	–	–	102	–	640
Property and equipment	–	–	–	–	–	–	14	14
Other assets	183	12	–	3	31	–	–	229
Total assets	1,174	12	–	3	31	102	14	1,336
Liabilities								
Loans received	(907)	–	–	–	–	–	–	(907)
Other liabilities	(237)	(9)	(195)	(2)	–	–	(562)	(1,005)
Total liabilities	(1,144)	(9)	(195)	(2)	–	–	(562)	(1,912)
Net liquidity gap as at 31 December 2018	30	3	(195)	1	31	102	(549)	(576)
Cumulative liquidity gap as at 31 December 2018	30	33	(161)	(160)	(130)	(28)	(576)	

19. Capital management

Zaim-Express's capital management has the following objectives: to observe the capital requirements established by the Central Bank of the Russian Federation, to ensure Zaim-Express's ability to continue its operations as a going concern and to sustain the capital base at the level maintaining capital adequacy ratio at 5% in accordance with the CBR requirements.

Zaim-Express provides the territorial CBR division that supervises its activities with information on mandatory capital adequacy ratio in accordance with the set format on a quarterly basis as at the first day of each month.

Zaim-Express is in compliance with the charter capital ratio set by the CBR as at 31 December 2016, 31 December 2017 and 31 December 2018 (unaudited).

The capital as monitored as part of the capital adequacy ratio is determined by the aggregate of the charter capital, any additional capital and retained earnings of the company.

20. Contingencies

Litigations. In the ordinary course of business, Zaim-Express is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on Zaim-Express's financial condition or the results of its future operations.

Tax legislation. Russian tax legislation is subject to varying interpretations and changes which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of Zaim-Express may be challenged by the relevant regional or federal authorities. Recent trends in the Russian Federation have shown that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments and it is possible that transactions and accounting treatments that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the tax authorities in respect of taxes for three calendar years preceding the year of the review. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation entitles the tax authorities to make adjustments and accruals in respect of all “controlled” transactions (except for those conducted at state regulated prices and tariffs) if the transaction price deviates upwards or downwards from the market price by more than 20%.

The transfer pricing rules as were in effect in 2010-2011 were vaguely drafted, which left the tax authorities and courts much room for their practical interpretation. The Russian transfer pricing legislation effective as at 1 January 2012 sets stricter transfer pricing rules. In 2010 and 2011, Zaim-Express determined its tax liabilities arising from transactions with related parties using actual transaction prices. There is a possibility that once the new transfer pricing rules in Russia take effect, or once the tax authorities change their practices in or approaches to interpreting and applying the transfer pricing rules effective until 2012, the tax authorities may challenge the prices applied by Zaim-Express under such transactions in the future.

The interpretations of different authorities could differ and if the authorities were successful in sustaining their position, additional taxes and related fines and penalties may be assessed, the effect of which cannot be reliably estimated, but could be significant to the financial position of Zaim-Express.

As at 31 December 2018, Zaim-Express’s management believes that its interpretation of the relevant legislation is appropriate and Zaim-Express’s tax, currency and customs positions will be sustained by controlling bodies. Management believes that Zaim-Express has accrued all applicable taxes.

Operating lease commitments. As at 31 December 2016, 31 December 2017 and 31 December 2018, Zaim-Express leases a number of premises under operating lease agreements. In accordance with the terms of agreements all leases may be cancelled without any additional expenses or commitments and any options to extend such leases also contain no commitments. As at 31 December 2016, 31 December 2017 and 31 December 2018, Zaim-Express has no commitments under operating lease arrangements.

The total of future minimum lease payments under non-cancellable operating leases as at each period end is as follows:

	2016	*2017*	*2018*
	£’000	*£’000*	*£’000*
Not later than 1 year	–	–	–
Later than 1 year and not later than 5 years	–	–	–
Later than 5 years	–	–	–

There are no future sublease payments expected to be received under non-cancellable subleases at the balance sheet dates.

21. Fair Value of Financial Instruments

Quoted financial instruments in active markets provide the best evidence of fair value. As no readily available market exists for the major part of Zaim-Express’s financial instruments, their fair value is based on current economic conditions and the specific risks attributable to the instrument. The estimates presented below are not necessarily indicative of the amounts Zaim-Express could realise in a market exchange from the sale of its full holdings of a particular instrument.

Below is the estimated fair value of Zaim-Express's financial instruments as at 31 December 2016, 31 December 2017 and 31 December 2018:

	2016		*2017*		*2018*	
	Carrying value £'000	*Fair value £'000*	*Carrying value £'000*	*Fair value £'000*	*Carrying value £'000*	*Fair value £'000*
Financial assets						
Cash and cash equivalents	645	645	457	457	454	454
Receivables under fiduciary management agreement	–	–	6	6	1	1
Loans to customers	2,720	2,720	1,079	1,079	640	640
Financial liabilities						
Loans received	22,216	22,216	31,688	31,688	907	907
Accounts payable	346	346	67	67	62	62
Settlements with customers on penalties	208	208	35	35	90	90
Other settlements with customers	461	461	44	44	18	18

Zaim-Express uses the following methods and assumptions to estimate the fair value of the financial instruments presented below:

Cash and cash equivalents. The estimated fair value of cash and cash equivalents does not differ from their carrying amounts due to the nature of these financial instruments.

Loans to customers. Loans to customers are reported net of impairment allowance. The estimated fair value of loans to customers represents the discounted amount of estimated future cash flows expected to be received. To determine fair value, expected cash flows are discounted at current market rates.

Loans received. The fair value of other fixed interest-bearing borrowed funds is based on discounted cash flows using interest rates for debt instruments with similar maturity. The estimated fair value of Zaim-Express's other borrowed funds approximates their carrying value as these instruments do not have market quotations and are attracted on special terms.

To present information on the fair value hierarchy of financial instruments as required by *IFRS 13 Fair Value Measurement*, the management of Zaim-Express assigns the above financial assets and liabilities as at 31 December 2016, 31 December 2017 and 31 December 2018, excluding cash and cash equivalents (Level 1 = £454,000 or RUB 40.129 thousand as at 31 December 2018 and £457,000 or RUB 35.542 thousand as at 31 December 2017) to Level 3 of the fair value hierarchy.

Reconciliation of Classes of Financial Instruments with Measurement Categories

In accordance with *IFRS 9 Financial Instruments*, Zaim-Express classifies/allocates its financial assets into the following categories: (a) financial assets at fair value through profit or loss (FVTPL); (b) financial assets at fair value through other comprehensive income (FVOCI); and (c) financial assets measured at amortised cost.

At the same time, in accordance with *IFRS 7 Financial Instruments: Disclosures* Zaim-Express discloses different classes of financial instruments.

All financial assets of Zaim-Express as at 31 December 2018 are classified as financial assets measured at amortised cost.

In accordance with *IAS 39 Financial Instruments: Recognition and Measurement*, Zaim-Express classified its financial assets in the following categories as at 31 December 2017: 1) financial assets at fair value through profit or loss; 2) held-to-maturity investments; 3) loans and receivables; 4) available-for-sale financial assets.

All financial assets of Zaim-Express as at 31 December 2017, with the exception of cash and cash equivalents in the amount of £457,000 or RUB 35,542,000 (31 December 2016: £654,000 or RUB 48,762,000) classified as financial assets at fair value through profit or loss, are classified by Zaim-Express's management as loans and receivables and are carried at amortised cost.

22. Related Party Transactions

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions as defined by *IAS 24 Related Party Disclosures*. In considering each possible related party relationship, attention is directed to the economic substance of the relationship, not merely the legal form.

In the normal course of business Zaim-Express enters into transactions with its major participant and directors. These transactions include settlements, payment of remuneration to employees and loan draw downs. According to Zaim-Express's policy, the terms of related party transactions are equivalent to those prevailing in arm's length transactions.

The sole participant of Zaim-Express is Eastern Europe Resources S.A., the share of which as at 31 December 2016, 31 December 2017 and as at 31 December 2018 is 100%. The ultimate beneficiary is Mr. Siro Donato Cicconi.

The outstanding balances at the year end and liability transactions with related parties for 2016, 2017 and 2018 are as follows:

	2016	*2017*	*2018*
	£'000	*£'000*	*£'000*
Transactions with participant			
Loans received	22,216	31,688	907

As at 31 December 2018, the balance on loans received represents the obligation to pay interest on the loan converted into additional capital. In 2018 the interest rate on the loan in EUR converted into additional capital is 8.6% per annum.

As at 31 December 2016 and 31 December 2017, the interest rate on the loan received in EUR was 12.6% per annum.

	2016	*2017*	*2018*
	£'000	*£'000*	*£'000*
Transactions with participant			
Interest expense	3,536	6,492	2,457

Zaim-Express received a gratuitous contribution from the main participant in the form of loan forgiveness in the amount of £29,046,000, which was recognised as Zaim-Express's additional capital.

During the year ended 31 December 2018 the total amount of management remuneration was £224,000 (2017: £228,000 2016: £184,000). Zaim-Express does not provide post-employment and termination benefits to management.

Short-term bonuses are payable in full within twelve months following the end of the period in which the services were provided by management.

23. SUBSEQUENT EVENTS

There are no subsequent events to be reported.

24. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory financial statements of Zaim-Express.

PART X (E)

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

BDO LLP
55 Baker Street
London
W1U 7EU

Strictly Private & Confidential

The Directors
Zaim Credit Systems Plc
Hill Dickinson LLP
8th Floor, 20 Primrose Street
London
EC2A 2EW

The Directors
Beaumont Cornish Limited
10th Floor
30 Crown Place
London
EC2A 4EB

30 October 2019

Dear Sirs

ZAIM CREDIT SYSTEMS PLC ("THE COMPANY")

We report on the unaudited pro forma net assets statement and income statement (together the "Pro forma Financial Information") set out in Parts X (A) and X (B) respectively of the Prospectus dated 30 October 2019, which have been prepared on the basis described, for illustrative purposes only, to provide information about how the capitalisation of loans from the sole shareholder and the proposed Placing might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements and unaudited interim financial information for the period ended 31 December 2018 and 30 June 2019, respectively.

This report is required by Section 3 of Annex 20 to the Commission Delegated Regulation (EU) No. 2019/980 supplementing Regulation (EU) No. 2017/1129 (the "Prospectus Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma Financial Information in accordance with item 18.4.1 of Annex 1 to the Commission Delegated Regulation (EU) No. 2019/980.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the Prospectus Regulation, as to the proper compilation of the Pro forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the Commission Delegated Regulation (EU) No. 2019/980, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously given by us on any financial information used in the compilation of the Pro forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards generally accepted outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

Opinion

In our opinion:

i) the Pro forma Financial Information has been properly compiled on the basis stated; and

ii) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and we declare that to the best of our knowledge, the information contained in this report is in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 to the Commission Delegated Regulation (EU) No. 2019/980.

Yours faithfully

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PART X (F)

UNAUDITED PRO FORMA COMBINED NET ASSETS STATEMENT OF THE GROUP AS AT 30 JUNE 2019

The unaudited pro forma net assets statement has been prepared to illustrate the effect of the Fundraise as if the Fundraise had taken place on 30 June 2019.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

		Adjustments		
	The Company as at 30 June 2019 (Note 1) £'000 Audited	*Zaim as at 30 June 2019 (Note 2) £'000 Audited*	*Fundraise (Note 2) £'000 Unaudited*	*Pro Forma net assets £'000 Unaudited*
Non-current assets:				
Property and equipment	–	12	–	12
	–	12	–	12
Current assets:				
Cash and cash equivalents	9	204	2,100	2,313
Loans to customers	–	630	–	630
Other assets	15	444	–	459
	24	1,278	2,100	3,402
Total Assets	24	1,290	2,100	3,414
Current Liabilities:				
Loans received	–	1,021	–	1,021
Other liabilities	97	1,106	–	1,203
Total liabilities	97	2,127		2,224
Unaudited pro forma net assets	(73)	(837)	2,100	1,190

Notes:

1. The financial information relating to the Company has been extracted without material adjustment from the unaudited interim financial information set out in Part X(I) of this Document.
2. The financial information relating to Zaim has been extracted without material adjustment from the unaudited interim financial information set out in Part X(J) of this Document.
3. The adjustment of £2.1 million represents the gross proceeds of the Fundraise, less associated costs and expenses directly attributable to the Admission amounting to approximately £500,000, as set out in section 19.4 of Part XIV of this Document.
4. No account has been taken of the financial performance of the Company or of Zaim since 30 June 2019, nor of any other event save as disclosed above.

PART X (G)

UNAUDITED PRO FORMA INCOME STATEMENT FOR ZAIM EXPRESS LLC FOR THE YEAR ENDED 31 DECEMBER 2018

The unaudited pro forma income statement has been prepared to illustrate the capitalisation of loans from the sole shareholder as if the capitalisation had occurred on 1 January 2018.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

	Zaim income statement for the year ended 31 December 2018 (Note 1) £'000	*Adjustment (Note 2) £'000*	*Pro forma Income Statement £'000*
Interest income	10,216	–	10,216
Interest expense	(2,457)	2,378	(79)
Net interest income	7,759	2,378	10,137
Gains less losses from dealing in foreign currency	(821)	–	(821)
Other operating income	826	–	826
Operating income	7,764	–	10,142
Allowance for ECL/impairment of loans to customers	(4,213)	–	(4,213)
Staff costs	(2,336)	–	(2,336)
Operating expenses	(2,758)	–	(2,758)
Loss before taxation	(1,543)	2,378	835
Taxation	–	–	–
Net profit/(loss)	(1,543)	2,378	835

Notes:

1. The financial information relating to Zaim has been extracted without material adjustment from the audited historical financial information set out in Part X(D) of this Document.

2. On 29 December 2018 the amounts due under the EER Loan Facility were set off against a capital contribution that its sole shareholder, EER, had committed to make to Zaim. The adjustment of £2,378,000 relates to the amounts of the loan from the sole shareholder that was contributed in the period from 1 January 2018 to 29 December 2018.

3. No account has been taken of the financial performance of the Company or of Zaim since 31 December 2018, nor of any other event save as disclosed above.

PART X (H)

CAPITALISATION AND INDEBTEDNESS STATEMENT

The following tables show the capitalisation and indebtedness of the Company as at 31 December 2018 and 31 August 2019 respectively and of Zaim as at 31 December 2018 and 31 August 2019 respectively and prepared under IFRS using policies which are consistent with those used in preparing Historical Financial Information set out in Part X (B) and Part X (D) –"Historical Financial Information".

The capitalisation information has been extracted, without material adjustment, from the Historical Financial Information of Company and that of Zaim in Part X (B) and Part X (D) respectively – "Historical Financial Information" as at 31 December 2018.

You should read this table together with Part IX – "Operating and Financial Review" and Part X "Historical Financial Information".

(A) The Company

	As at 31 December 2018 £'000
Capitalisation	
Share capital	60
Other reserves	–
Total capitalisation	60

In respect of the Company, save for the acquisition of Zaim-Express LLC as completed on 18 September 2019 whereby the Company issued 320,000,000 new ordinary shares at a price of 2.5 pence (further discussed in paragraph 15.1, Part XIV of the Prospectus), since 31 December 2018, there have been no changes to the Company's capitalisation.

	As at 31 August 2019 £'000
Total current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
	–
Total non-current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
	–
Total indebtedness	–

There has been no material change in the Company's indebtedness from 31 August 2019 to the date of this Document.

The table below sets out the Company's net indebtedness as at 31 August 2019.

	As at 31 August 2019 £'000
Cash	–
Cash equivalents	–
Trading securities	–
Liquidity	–
Current financial receivable	–
Current bank debt	–
Current portion of non-current debt	–
Other current financial indebtedness	–
Current financial debt	–
Net current financial indebtedness	–
Non-current bank loans	–
Bonds issued	–
Other non-current financial debt	–
Non-current financial indebtedness	**–**
Net financial indebtedness	–

The information as at 31 August 2019 is unaudited.

The Company has no indirect or contingent indebtedness

(B) Zaim

	As at 31 December 2018 £'000
Capitalisation	
Share capital	2,446
Additional capital contributions	29.046
Total capitalisation	31,492

Since 31 December 2018, there have been no changes to Zaim's capitalisation.

	As at 31 August 2019 £'000
Total current debt	
Guaranteed	–
Secured	126
Unguaranteed/unsecured	136
	262
Total non-current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	927
	927
Total indebtedness	1,189

There has been no material change in the Zaim's indebtedness from 31 August 2019 to the date of this document.

The table below sets out the Zaim's net indebtedness as at 31 August 2019.

	As at 31 August 2019 £'000
Cash	119
Cash equivalents	–
Trading securities	–
Liquidity	119
Current financial receivable	–
Current bank debt	(262)
Current portion of non-current debt	–
Other current financial indebtedness	–
Current financial debt	(262)
Net current financial indebtedness	(143)
Non-current bank loans	–
Bonds issued	–
Other non-current financial debt	(927)
Non-current financial indebtedness	(927)
Net financial indebtedness	(1,070)

The information as at 31 August 2019 is unaudited.

Zaim has no indirect or contingent indebtedness.

Part X (I)

UNAUDITED FINANCIAL INFORMATION OF THE COMPANY

PART X (A), (B), (C), (D) of the document contain the accountant's reports and audited historical financial information of the Company and Zaim Express LLC for the three years ended 31 December 2018. PART X I contains the unaudited interim financial information of the Company. BDO LLP have not reviewed or audited the interim half-yearly financial information of the Company.

Condensed unaudited Interim Financial information for the six months ended 30 June 2019

CONDENSED UNAUDITED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	*As at 30 June 2019* £	*As at 31 December 2018* £
ASSETS			
Current assets:			
Other receivables	6	15,280	60,000
Cash and cash equivalents		8,987	–
TOTAL ASSETS		24,267	60,000
EQUITY AND LIABILITIES			
Capital and reserves:			
Share capital	4	60,000	60,000
Retained earnings		(132,733)	(66,670)
Total equity attributable to equity holders		(72,733)	(6,670)
Current liabilities:			
Account payables	7	97,000	66,670
Total liabilities		97,000	66,670
TOTAL EQUITY AND LIABILITIES		24,267	60,000

CONDENSED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
For six months ended 30 June 2019

	Note	*Period ended 30 June 2019* £	*15 – 30 June 2018* £
Turnover		77,010	–
Administrative expenses		(143,073)	
Result before taxation		(66,063)	–
Taxation		–	–
Result after taxation		(66,063)	–
Other comprehensive income/ (loss)		–	–
Total comprehensive income/(loss) for the period attributable to owners of the Company		(66,063)	–
Result per share – basic and diluted (expressed as £ per share)	5	(0.012)	–

CONDENSED UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2019

	Share capital £	*Retained earnings* £	*Total equity* £
Issue of shares on incorporation on 15 June 2018	60,000	–	60,000
Total comprehensive income/(loss) for the Period	–	(66,670)	(66,670)
Balance as at 31 December 2018	60,000	(66,670)	(6,670)
Total comprehensive income/(loss) for the Period	–	(66,063)	(66,063)
Balance as at 30 June 2019	60,000	(132,733)	(72,733)

Share capital represents the amount paid for shares.

Retained earnings represents the Company's accumulated loss.

CONDENSED UNAUDITED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2019

	Period ended 30 June 2019 £	*15 – 30 June 2018* £
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating result before taxation and working capital changes	(66,063)	–
Change in trade and other receivables	44,720	(60,000)
Changes in trade and other payables	30,330	–
Net cash used for operating activities	8,987	(60,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	60,000
Net cash from financing activities	–	60,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	8,987	
Cash and cash equivalents at beginning of the financial period	–	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	8,987	–

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

For the six month period ended 30 June 2019

1. GENERAL INFORMATION

The Company was incorporated and registered in England and Wales as a public company limited by shares on 15 June 2018 under the Companies Act 2006, with the name Agana Holdings Plc, and registered number 11418575. On 22 July 2019, the Company changed its name to Zaim Credit Systems Plc.

The Company's registered office is located at Hill Dickinson LLP, 8th Floor 20 Primrose Street, London United Kingdom EC2A 2EW.

2. PRINCIPAL ACTIVITIES

As at 30 June 2019. the principal activity of the Company was to seek acquisition opportunities, after the period end and following a significant group restructuring, as described in note 8 below, the principal activity of the Company has become a holding company.

3. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 Interim Financial Reporting. The condensed interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The condensed consolidated interim financial information set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS).

The condensed consolidated interim financial information of Zaim Credit Systems plc has not been audited or reviewed by Zaim Credit System plc's reporting accountant, BDO LLP, who are subject to appointment as auditors.

Risks and uncertainties

The Director continuously assesses and monitors the key risks of the business. The key risks that could affect Zaim Credit Systems' medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in Zaim Credit Systems' 2018 Financial Information. The key financial risks are liquidity risk, interest rate risk.

Critical accounting estimates

The preparation of condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 3 of Zaim Credit Systems' 2018 Financial Information. The nature and amounts of such estimates have not changed significantly during the interim period.

Currency

The GBP was chosen as the presentation currency of the consolidated financial information, as the shareholders of Zaim Credit Systems use information prepared in GBP to make decisions and evaluate the financial results of Zaim Credit Systems.

Significant accounting policies

The condensed consolidated interim financial information have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial information as were applied in the preparation of Zaim Credit Systems' Financial Information for the year ended 31 December 2018.

4. SHARE CAPITAL

On incorporation, the Company had an authorised share capital of £60,000 divided into 6,000,000 ordinary shares of a par value of £0.01 each.

The movements in the issued share capital of the Company are as follows:

	£
On incorporation on 15 June 2018:	
Issue of 6,000,000 ordinary shares for £0.01 each	60,000
Additional shares issued	–
At 31 December 2018 and 30 June 2019	60,000

Share capital is unpaid as at the period end, issued at par value with equal voting rights.

5. RESULT PER SHARE

The Company presents basic and diluted earnings per share information for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the reporting period. Diluted earnings per share are determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

There is no difference between the basic and diluted earnings per share, as the Company has no potential ordinary shares.

	Period ended 30 June 2019 £	*Period ended 30 June 2018* £
Result attributable to ordinary shareholders (£)	(72,733)	–
Weighted average number of shares	6,000,000	6,000,000
Result per share (expressed as £ per share)	(0.012)	–

6. OTHER RECEIVABLES

	30 June 2019 £	*31 December 2018* £
Unpaid share capital	–	60,000
VAT	15,280	–
	15,280	60,000

7. ACCOUNT PAYABLES

No payments had been made by 30 June 2019.

8. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

9. SUBSEQUENT EVENTS

On 18 September 2019 the Company issued 320,000,000 at a price of 2.5 pence per share to acquire 100% of the share capital of Zaim-Express LLC.

PART X (J)

UNAUDITED FINANCIAL INFORMATION OF ZAIM EXPRESS LLC

PART X (A), (B), (C), (D) of the document contain the accountant's reports and audited historical financial information of the Company and Zaim Express LLC for the three years ended 31 December 2018. PART X J contains the unaudited interim financial information of Zaim Express LLC. BDO LLP have not reviewed or audited the interim half-yearly financial information of Zaim Express LLC.

Set out below are the unaudited interim results of Zaim Express LLC for the six months ended 30 June 2019.

Zaim Express LLC

Condensed Consolidated Interim Financial information for the six months ended 30 June 2019

Condensed consolidated statement of comprehensive income

	Notes	*Six months ended 30 June 2019 Unaudited GBP'000*	*Six months ended 30 June 2018 Unaudited GBP'000*
Interest income	5	3,728	5,728
Interest expense	5	(54)	(1,173)
Net interest income	5	3,674	4,555
Allowance for ECL/impairment of loans to customers	4	(1,840)	(3,337)
Net interest income after allowance for ECL/impairment of loans to customers		1,834	1,218
Gains less losses from dealing in foreign currency		86	141
Other operating income		(23)	6
Operating income		1,897	1,365
Staff costs		(1,007)	(1,203)
Operating expenses	7	(1,112)	(1,404)
IPO related costs		(331)	–
Loss before income tax		(553)	(1,242)
Income tax expense		–	–
Net loss		(553)	(1,242)
Total comprehensive loss		(553)	(1,242)

Condensed consolidated statement of financial position

	Notes	*30 June 2019 Unaudited GBP'000*	*31 December 2018 Unaudited GBP'000*
Assets			
Non-current assets:			
Property and equipment		12	13
		12	13
Current Assets:			
Cash and cash equivalents		204	454
Loans to customers		630	640
Other assets		444	229
		1,278	1,323
Total Assets		1,290	1,336
Equity			
Capital and reserves:			
Charter capital		2,446	2,446
Additional capital		29,046	29,046
Accumulated deficit		(38,276)	(38,070)
Translation reserve		5,947	6,002
Total equity attributable to equity holders		(837)	(576)
Liabilities			
Loans received		1,021	907
Other liabilities		1,106	1,005
Total liabilities		2,127	1,912
Total liabilities and equity		1,290	1,336

Condensed statement of changes in shareholders' equity (Unaudited)

	Charter capital GBP'000	*Additional capital GBP'000*	*Translation Reserve GBP'000*	*Accumulated Deficit GBP'000*	*Total Equity GBP'000*
Balance as at 1 January 2018	2,446	–	2,165	(36,440)	(31,829)
Correction of error from the prior years	–	–	–	210	210
Retranslation of foreign operations	–	–	1,746	–	1,746
Net loss for the period	–	–	–	(1,242)	(1,242)
Balance as at 30 June 2018	2,446	–	3,911	(37,472)	(31,115)
Correction of error from the prior years	–	–	–	–	–
Retranslation of foreign operations	–	–	2,091	–	2,091
Financial assistance from the participant	–	29,046	–	–	29,046
Net loss for the period	–	–	–	(598)	(598)
Balance as at 31 December 2018	2,446	29,046	6,002	(38,070)	(576)
Correction of error from the prior years	–	–	–	347	347
Retranslation of foreign operations	–	–	(55)	–	(55)
Net loss for the period	–	–	–	(553)	(553)
Balance as at 30 June 2019	2,446	29,046	5,947	(38,276)	(837)

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June 2019 Unaudited GBP'000	*Six months ended 30 June 2018 Unaudited GBP'000*
Cash flows from operating activities		
Interest received	2 663	4,182
Interest paid	(4)	(745)
Gains less losses from dealing in foreign currency	(88)	–
Other operating income	23	(6)
Staff costs	(1,018)	(1,224)
Operating expenses	(1,443)	(1,404)
Cash flows from/(used in) operating activities before changes in operating assets and liabilities	135	803
Net (increase)/decrease in operating assets		
Loans to customers	(287)	(1,236)
Other assets	(186)	44
Net decrease in operating liabilities		
Other liabilities	(6)	90
Net cash flows from operating activities	(344)	(298)
Cash flows from investing activities		
Proceeds from placements under fiduciary management agreement	–	–
Purchases of property and equipment	–	2
Net cash flows from investing activities	–	(2)
Cash flows from financing activities		
Proceeds from loans received	183	936
Repayment of loans received	(130)	–
Net cash flows from financing activities	53	936
Effect of exchange rate changes on cash and cash equivalents	7	(84)
Net change in cash and cash equivalents	(284)	(553)
Cash and cash equivalents at the beginning of the year	488	458
Cash and cash equivalents at the end of the year (Note 5)	204	1,010

Notes to the Financial information

1. General information

Zaim Express LLC ("Zaim-Express") was established in the Russian Federation as a Limited Liability Zaim-Express on 14 March 2011. On 20 February 2017 Zaim-Express's participant approved the change of Zaim-Express's name from LLC MC "Zaim-Express" to Zaim-Express, LLC. The principal activity of Zaim-Express is the issue of microloans to individuals.

Zaim-Express's registered office is at: apts. 1-12, 1/26, section 7, Bolshoi Trekhgorny Lane, Moscow, 123022, Russian Federation.

Zaim-Express has 96 stores (31 December 2018: 113 stores), from which it conducts business throughout the Russian Federation. Zaim-Express's assets and liabilities are located in the Russian Federation.

2. Basis of preparation

The condensed consolidated interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The condensed interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The condensed consolidated interim financial information set out above do not constitute statutory accounts within the meaning of the Companies Act 2006. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS).

The condensed consolidated interim financial information of Zaim-Express has not been audited or reviewed by Zaim-Express's auditor, BDO LLP.

Going concern

This financial information reflects Zaim-Express management's current assessment of the impact of the Russian business environment on the operations and the financial position of Zaim-Express. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of measures undertaken by the Russian Federation Government and other factors, including regulatory and political developments which are beyond Zaim-Express's control. Zaim-Express's management cannot predict what impact these factors can have on Zaim-Express's financial position in future. This financial information was prepared on a going concern assumption.

The above factors in conjunction with continuing economic and political changes taking place in the Russian Federation indicate that a material uncertainty exists that may cast significant doubt on Zaim-Express's ability to continue as a going concern. This ability depends on future events, including achieving the level of the loans to customers portfolio sufficient to incur costs and earn profits and the ability and willingness of Zaim-Express's sole participant to continue with financial assistance to Zaim-Express.

Risks and uncertainties

The Director continuously assesses and monitors the key risks of the business. The key risks that could affect Zaim-Express's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in Zaim-Express's 2018 Financial Information. The key financial risks are liquidity risk, interest rate risk.

Critical accounting estimates

The preparation of condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 3 of Zaim-Express's 2018 Financial Information. The nature and amounts of such estimates have not changed significantly during the interim period.

Currency

The GBP was chosen as the presentation currency of the consolidated financial information, as the shareholders of Zaim-Express use information prepared in GBP to make decisions and evaluate the financial results of Zaim-Express.

For the purpose of presenting the consolidated financial information, the financial results and balance sheet items of Zaim-Express are translated into the presentation currency of Zaim-Express in accordance with the requirements of International Accounting Standard IAS 21 "Effect of Changes in Foreign Exchange Rates" as follows:

- assets and liabilities are translated into GBP at the exchange rate at the balance sheet date;
- income and expenses are translated at the average rate for the reporting period;
- all items reflected in equity, with the exception of net profit, are translated at the rate prevailing at the time they occurred;
- all differences arising from the translation from the functional currency to the presentation currency are accounted for in the article "Reserve for translation into the reporting currency", which is included in other comprehensive income.

3. Significant accounting policies

The condensed consolidated interim financial information have been prepared under the historical cost convention as modified by the revaluation of certain of the subsidiaries' assets and liabilities to fair value for consolidation purposes.

The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated interim financial information as were applied in the preparation of Zaim-Express's Financial Information for the year ended 31 December 2018.

IFRS 16

Taking into account that all operating lease agreement have the term less than 12 month Zaim-Express used the exemption at the date of transition.

4. Loans to customers

	Six months ended 30 June 2019 Unaudited GBP'000	*Six months ended 30 June 2018 Unaudited GBP'000*
Loans to customers	34,053	30,526
Less: allowance for ECL /impairment of loans to customers	(33,423)	(29,707)
Total loans to customers at amortised cost	630	819

Below is analysis of movements in the ECL allowance during 1H2019 (by type of loans specified in the first table of the Note), GBP:

	Stage 1 GBP'000	*Stage 2 GBP'000*	*Stage 3 GBP'000*	*Total GBP'000*
ECL allowance as at 31 December 2018	150	455	29,999	30,604
Assets recognized for the period	913	–	–	913
Assets derecognized or collected	(83)	(78)	(281)	(442)
Transfers to Stage 2	(1)	1	–	–
Transfers to Stage 3	(217)	(518)	735	–
Net loss on ECL allowance charge/(reversal)	155	132	1,029	1,316
Translation into GBP	2	7	1,023	1,032
ECL allowance as at 30 June 2019	112	346	32,965	33,423

Below is analysis of movements in the ECL allowance during 1H2018 (by type of loans specified in the first table of the Note), GBP:

	Stage 1 *GBP'000*	*Stage 2* *GBP'000*	*Stage 3* *GBP'000*	*Total* *GBP'000*
ECL allowance as at 31 December 2017	176	869	26,865	27,910
Assets recognized for the period	2,259	–	–	2,259
Assets derecognized or collected	(97)	(147)	(404)	(648)
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	(233)	(944)	1,177	–
Net loss on ECL allowance charge/(reversal)	168	290	1,234	1,692
Translation into GBP	(9)	(51)	(1445)	(1 506)
ECL allowance as at 30 June 2018	193	731	28,784	29,707

The ECL allowance for loans and advances to customers recognized during the period is impacted by various factors. The table below describes the main changes:

- transfers between Stages 1 and 2 and Stage 3 due to significant increase (or decrease) in credit exposure or impairment during the period and subsequent increase (or decrease) in the estimated ECL level: for 12 months or over the entire period;
- accrual of additional allowances for new financial instruments recognized during the period, as well as reduction in allowance as a result of derecognition of financial instruments during the period;
- impact on ECL estimation due to changes in model assumptions, including changes in probability of default, EAD and LGD during the period resulting from regular updating of the model input. Below is analysis of changes in allowance for impairment of loans to customers during 2019.

	Loans to customers *GBP'000*
Allowance for impairment of loans to customers as at 1 January 2018	27,910
Allowance for impairment during 1H2018	3,666
Unwinding of discount	(276)
Translation into GBP	(1,593)
Allowance for impairment of loans to customers as at 30 June 2018	29,707

	Loans to customers *GBP'000*
Allowance for impairment of loans to customers as at 1 January 2019	28,547
Allowance for impairment during 1H2019	1,953
Unwinding of discount	(113)
Allowance for impairment of loans to customers as at 30 June 2019	33,423

Following is the credit quality analysis of loans to customers as at 30 June 2019:

	Stage 1 *GBP'000*	*Stage 2* *GBP'000*	*Stage 3* *GBP'000*	*Total* *GBP'000*
Loans to customers				
Minimum credit risk	445	–	–	445
Low credit risk	–	239	–	239
Moderate credit risk	–	236	–	236
High credit risk	–	167	–	167
Default	–	–	32,965	32,965
Total loans to customers before allowance	445	642	32,965	34,052
ECL allowance	(112)	(346)	(32,965)	(33,423)
Total loans to customers after ECL allowance	334	296	–	630

Following is the credit quality analysis of loans to customers as at 30 June 2018:

	Stage 1 GBP'000	*Stage 2 GBP'000*	*Stage 3 GBP'000*	*Total GBP'000*
Loans to customers				
Minimum credit risk	643	–	–	643
Low credit risk	–	251	–	251
Moderate credit risk	–	417	–	417
High credit risk	–	431	–	431
Default	–	–	28,784	28,784
Total loans to customers before allowance	643	1 099	28,784	30,526
ECL allowance	(193)	(731)	(28,784)	(29,707)
Total loans to customers after ECL allowance	450	368	–	819

ECL allowance for loans to customers recognized during the period is impacted by different factors. Information on estimation of expected credit losses is disclosed in Note 3.

Zaim-Express uses the following approach to estimation of expected credit losses:

- portfolio-based estimation: internal ratings are assigned individually, but the same credit risk parameters (e.g. PD, LGD) are applied to similar credit risk ratings and homogeneous credit portfolio segments in the process of ELC estimation).

This approach provides for aggregation of the portfolio into homogeneous segments on the basis of specific information on borrowers, such as delinquent loans, historic data on prior period losses and forward-looking macroeconomic information.

The amounts of loans recognised as "past due" represent the entire balance of such loans rather than the overdue amounts of individual payments.

5. Interest income and interest expense

	Six months ended 30 June 2019 Unaudited GBP'000	*Six months ended 30 June 2018 Unaudited GBP'000*
Interest income		
Loans to customers	3,728	5,728
Total interest income	3,728	5,728
Interest expense		
Loans received	(54)	(1,173)
Total interest expense	(54)	(1,173)
Net interest income	3,674	4,555

Interest income accrued on impaired loans to customers in 1H 2019 amounts to GBP 1,032,419 (1H 2018: GBP 1,785,336).

6. Staff costs

	Six months ended 30 June 2019 Unaudited GBP'000	Six months ended 30 June 2018 Unaudited GBP'000
Salary	749	925
Payroll related taxes	258	278
Total staff costs	1,007	1,203

7. Operating expenses

	Six months ended 30 June 2019 Unaudited GBP'000	Six months ended 30 June 2018 Unaudited GBP'000
Rent	861	1,077
Consulting services	4	94
Communication	46	64
Banking services	38	31
Security	22	33
Postal services	17	30
State duty	11	24
Office equipment	7	10
Advertising and marketing	7	4
Material expenses	–	–
Repairs	–	1
Management expenses	–	–
Taxes other than income tax	–	–
Other	99	35
Total operating expenses	1,112	1,404

8. Charter & Additional Capital

Charter capital represents a contribution made by the sole participant of Zaim-Express. Dividends payable are restricted to the amount of retained earnings of Zaim-Express, which is determined according to legislation of the Russian Federation. As at 31 December 2018 and 30 June 2019, Zaim-Express had accumulated losses, thus, there were no reserves available for distribution. During the second half of 2018 Zaim-Express received a gratuitous contribution from the main participant in the form of loan forgiveness in the amount of £29,046,000, which was recognised as Zaim-Express's additional capital.

V.V. Golovko
General Director

30 September 2019

PART XI

TAXATION

The Company is registered under the laws of the United Kingdom and treated as a UK company for corporate law and UK tax purposes. Shareholders or prospective Shareholders should read the "UK Taxation" paragraphs below, as well as consulting their own professional advisers, regarding the tax consequences of acquiring, holding and disposing of the Shares.

1. UK taxation

The following is a summary of certain United Kingdom ("UK") tax considerations relating to an investment in the Ordinary Shares. The statements set out below reflect current UK law and published guidance (which may not be binding) of HM Revenue and Customs ("HMRC"), as at the date of this Document and which may be subject to change, possibly with retroactive effect. They are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled exclusively in the UK for UK tax purposes (except insofar as express reference is made to the treatment of non-UK residents), who hold Ordinary Shares as an investment (other than under an individual savings account ("ISA")) and who are the absolute beneficial owners of the Shares and any dividends paid thereon. (In particular, Shareholders holding their Shares through a depositary receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners of such Shares.) This guidance does not address all possible tax consequences relating to an investment in the Shares. Specifically, this guidance does not address: (i) special classes of Shareholders such as, for example, dealers in securities, broker-dealers, intermediaries, insurance companies or collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; (iv) Shareholders that own (or are deemed to own) 10 per cent. or more of the Shares and/or voting power of the Company, (v) Shareholders subject to specific tax regimes or benefitting from certain reliefs or exemptions, (vi) those connected with the Company or Group; and (vii) unless otherwise indicated, Shareholders that hold the Company's shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise). Such Shareholders may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction other than the UK, should consult their own professional advisers immediately.

2. Taxation on Dividends

The Company will not be required to withhold amounts on account of UK tax at source when paying a dividend. A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the basic rate will be subject to income tax on the dividend at the rate of 7.5 per cent. A UK resident individual Shareholder who is liable to income tax at a rate not exceeding the higher rate will be subject to income tax on the dividend at the rate of 32.5 per cent. to the extent that the dividend, when treated as the top "slice" of the Shareholder's income, exceeds the lower threshold for higher rate income tax. A UK resident individual Shareholder who is subject to income tax at the additional rate will be subject to income tax on the dividend at the rate of 38.1 per cent. to the extent that the dividend, when treated as the top "slice" of the Shareholder's income exceeds the lower threshold for additional rate income tax. Shareholders who are within the charge to UK corporation tax will be subject to UK corporation tax on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within one of the exempt classes and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances and while it would normally be expected that the dividends paid by the Company would fall within an exempt class, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules.

Shareholders within the charge to UK corporation tax should therefore consult their own professional advisers. Non-UK resident corporate Shareholders will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless the Shareholder carries on a trade in the UK and the dividends are either a receipt of that trade or the shares are held by or for a UK permanent establishment through which the trade is carried on. In the latter case the dividends may still fall into one of the exempt classes and not be subject to the UK corporation tax. Non-UK resident individual Shareholders may choose to treat the dividends, other than the dividends representing the receipts of a trade, profession or vocation carried on in the UK, as 'disregarded income' (as defined by statute) thereby limiting their UK income tax liability in respect of the dividend. Such Shareholders should have no further UK income tax to pay upon their receipt of a dividend from the Company. If chosen, disregarded income treatment will apply to all UK source savings and investment income of the Shareholder in a tax year (but does not apply to UK rental income) and the personal allowance available to certain categories of non-resident individuals will not be available in that tax year. Shareholders may also be subject to foreign taxation on dividend income under applicable local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on dividends received from the Company in the country of their tax residence.

3. Taxation on Chargeable Gains

An individual Shareholder who acquires Shares while UK resident, needs to cease to be resident in the UK for a period of more than five years before disposing of any Shares otherwise the temporary non-residence rules apply. If those rules apply and the Shareholder disposes of all or part of his Shares during the period in which he is non-UK resident then he may be liable to capital gains tax on his return to the UK, where that Shareholder was UK resident for at least four of the seven tax years immediately preceding the year of departure from the UK (subject to any available exemptions or reliefs). For individuals, a tax year is the period from 6 April in a calendar year to 5 April in the following calendar year. An individual Shareholder who is subject to UK income tax at the higher or additional rate will be liable to UK capital gains tax on the amount of any chargeable gain realised by a disposal of Shares at the rate of 20 per cent. Individual Shareholders who are subject to income tax at the basic rate only should only be liable to capital gains tax on the chargeable gain up to the unused amount of the Shareholder's basic rate band at a rate of 10 per cent. and at a rate of 20 per cent. on the gains above the basic rate band. In the event that a disposal of the Shares results in the realisation of a loss by the Shareholder for capital gains tax purposes, such a loss may be set-off by the Shareholder against other chargeable gains in the same or future years of assessment. UK resident corporate Shareholders will generally be subject to UK corporation tax (rather than capital gains tax) on any chargeable gain realised on a disposal of Shares. Any chargeable loss realised by such a Shareholder may be set-off by the Shareholder against chargeable gains in the same or future accounting periods. A corporate Shareholder with a significant holding of Shares may be exempt from corporation tax on any gain arising on disposal of Shares, provided it can satisfy the conditions of the exemption applicable to disposal of substantial shareholdings.

4. UK Inheritance Taxation

Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by an individual Shareholder during their lifetime, or on their death, may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the Shareholder making the gift is neither resident nor domiciled in the UK, nor deemed to be domiciled there under certain rules relating to the number of years of UK residence or previous domicile. Generally, UK inheritance tax is not chargeable on gifts to individuals if the donor survives for at least seven complete years after the date of the gift. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts in respect of which the donor reserves or retains some benefit. Special rules also apply to gifts made to close companies and where assets are transferred to and/or held by most types of trustee. The inheritance tax rules are complex and holders of Shares should consult an appropriate professional adviser in any case where the rules may be relevant, particularly (but not limited to) cases where Shareholders intend to make a gift of any kind or to hold any Shares through a trust arrangement. They should also seek professional advice in a situation where there is potential for a charge to both UK inheritance tax and an equivalent tax in another country or if they are in any doubt about their UK inheritance tax position.

5. Stamp duty and stamp duty reserve tax ("SDRT")

General Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer (rounded up to the nearest £5.00 where applicable). The transferee normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring the 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 does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. An unconditional agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer, but such liability will be cancelled, or a right to repayment (normally with interest) will arise in respect of the SDRT liability, if the agreement is completed by a duly stamped instrument or an exempt transfer within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional). The purchaser is liable for any SDRT arising. The statements above are intended as a general guide to the current position. Certain categories of person, including market makers, brokers, dealers and persons connected with depositary arrangements and clearance services are not liable to stamp duty or SDRT and/or may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

6. CREST

Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth. Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system.

Depositary receipt systems and clearance services

Where Ordinary Shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT (as applicable) will generally be payable at the higher rate of 1.5 per cent. on the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares. However, following litigation, HMRC have confirmed that they will no longer seek to apply to 1.5 per cent. SDRT charge on an issue of shares or securities to a clearance service or depositary receipt system on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will continue to apply to a transfer of shares or securities to a clearance service or depositary receipt system where the transfer is not an integral part of an issue of share capital. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable for by the clearance service or depositary receipt system operator or their nominee as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Ordinary Shares into such an account and on subsequent agreements to transfer such Ordinary Shares. Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the UK should consult his or her professional advisers.

PART XII

SHARE CAPITAL, LIQUIDITY AND CAPITAL RESOURCES AND ACCOUNTING POLICIES

1. Share capital

The Company was incorporated on 15 June 2018 under the Companies Act.

Details of the current issued share capital of the Company are set out in paragraph 4 of "Part XIV –Additional Information". Immediately following Admission, there is expected to be £4,369,750 of Ordinary Shares (divided into 436,975,000 issued Ordinary Shares of £0.01 each).

All of the issued Ordinary Shares will be in registered form, and capable of being held in certificated or uncertificated form. The Registrar will be responsible for maintaining the share register. Temporary documents of title will not be issued. The ISIN number of the Ordinary Shares is GB00BK5T9G03. The SEDOL number of the Ordinary Shares is BK5T9G0.

2. Financial position

The financial information in respect of the Company upon which BDO LLP has provided the accountant's report is contained in Section A of "Part X – Historical Financial Information".

If the Fundraise and Admission had taken place on 31 December 2018 (being the date as at which the financial information contained in "Part X – HISTORICAL FINANCIAL INFORMATION" is presented):

- the net assets of the Company would have been increased by £2.1m (due to the receipt of the Net Proceeds and the funds raised through the subscription for the Ordinary Shares); and
- the Company's earnings would have decreased as a result of fees and expenses incurred in connection with the Fundraise and Admission.

3. Liquidity and capital resources

Sources of cash and liquidity

The Group's initial source of cash will be the Net Proceeds of the Fundraise and NA Loan, which are, in aggregate, expected to be £1,970,000. The Group may raise additional capital from time to time. Such capital may be raised through share issues (such as rights issues, open offers or private placings) or borrowings.

Although the Company envisages that any capital needs of the Zaim Business are likely to be financed through the issue of new equity, the Company may also choose to obtain debt financing. Any debt financing used by the Company is expected to take the form of bank financing, although no financing arrangements will be in place at Admission. The Company envisages that debt financing may be necessary if, for example, a target company has been identified but would require a certain amount of cash consideration in addition to, or instead of, share consideration.

Any associated debt financing (if any) will be assessed with reference to the projected cash flow of the target company or business and may be incurred at the Company level or by any subsidiary of the Company. Any costs associated with the debt financing will be paid with the proceeds of such financing.

If debt financing is utilised, there will be additional servicing costs. Furthermore, while the terms of any such financing cannot be predicted, such terms may subject the Company to financial and operating covenants or other restrictions, including restrictions that might limit the Company's ability to make distributions to Shareholders.

Substantially all of the cash raised (including cash from any subsequent share offers) is expected to be used for working capital. Therefore,, the Company's future liquidity will depend in the medium to longer term primarily on: (i) the profitability of the Zaim Business; (ii) the Company's management of available cash; (iii) cash distributions on sale of existing assets; (iv) the use of borrowings, if any, to fund short-term liquidity needs; and (v) dividends or distributions from subsidiary companies.

Cash uses

The Company's principal use of cash (including the Net Proceeds) will be to cover Placing and Admission expenses, advance funds to Zaim to grow its loan book, a contingency and for general working capital and administration costs (including online and direct mail marketing).

Indebtedness

As at the date of this Document, the Group has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness other than the debt due pursuant to the NA Loan and the unpaid amounts due under the EER Master Debenture Agreement. Further details of which are set out paragraphs 15.16 and 15.17 of Part XIV.

4. Interest rate risks

The Company relies on debt finance to fund its loan book. Such indebtedness may expose the Company to risks associated with movements in prevailing interest rates. Changes in the level of interest rates can affect, among other things: (i) the cost and availability of debt financing and hence the Company's ability to achieve attractive rates of return on its assets; (ii) the debt financing capability of the Zaim Business; This exposure may be reduced by introducing a combination of a fixed and floating interest rates or through the use of hedging transactions (such as derivative transactions, including swaps or caps). Interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management, and will not be carried out for speculative purposes. See "Hedging arrangements and risk management" below.

5. Hedging arrangements and risk management

The Company may use forward contracts, options, swaps, caps, collars and floors or other strategies or forms of derivative instruments to limit its exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates, as previously described. It is expected that the extent of risk management activities by the Company will vary based on the level of exposure and consideration of risk across the business.

The success of any hedging or other derivative transaction generally will depend on the Company's ability to correctly predict market changes. As a result, while the Company may enter into such a transaction to reduce exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, the Company may not seek, or be successful in establishing, an exact correlation between the instruments used in a hedging or other derivative transactions and the position being hedged and could create new risks of loss. In addition, it may not be possible to fully or perfectly limit the Company's exposure against all changes in the values of its assets, because the values of its assets are likely to fluctuate as a result of a number of factors, some of which will be beyond the Company's control.

PART XIII

REGULATION OF MICROFINANCE SECTOR IN RUSSIA

1 Regulation of the Russian Financial Services Sector

The CBR is the super-regulator of the Russian financial market. It has a head office in Moscow and regional branches throughout the Russian Federation, as well as local branches.

The CBR operates under the Federal Law No. 86-FZ "On the Central Bank of the Russian Federation" dated 10 July 2002, as amended ("**CBR Law**"). The CBR acts as the Russian Federation's central bank and its assets are owned by the Russian federal government. In cooperation with the Russian government, the CBR determines and implements united monetary policy in the Russian Federation. The CBR also conducts currency interventions, issues its own bonds, which it can offer only to credit organisations, and trades in Russian government securities. It also administers the Russian Federation's international reserves, and establishes rules governing rouble- and foreign currency-denominated bank accounts in the Russian Federation of both residents and non-residents. The CBR has the exclusive authority to issue currency in the Russian Federation and to regulate its circulation. The CBR arranges for the printing of banknotes and the engraving of coins, establishes rules for their transportation and storage, and determines the order of performing cash operations. The CBR is authorised to implement various financial regulations, including regulations on banking, capital markets, currency control issues and the microfinance sector.

2 Regulation of the Russian Microfinance Sector

The Russian microfinance sector consists of microfinance organisations and other non-credit finance institutions including consumer credit cooperatives, credit housing communities, pawnbrokers and agricultural credit cooperatives.

Generally microfinance organisations provide financial services to customers that are not provided or underprovided by the main banking sector. This includes customers with no access to banking products and customers in regions of Russia with an insufficient bank presence. The CBR keeps a registry of microfinance organisations (the "**Registry**") and supervises their activities directly and via self-regulatory organisations ("**SRO**").

SROs are membership organisations created by Federal Law No. 223-FZ "On Self-Regulatory Organisations in the Financial Markets" dated 13 July 2015, as amended, which are supervised by the CBR. Each microfinance organisation has to become a member of an SRO within 90 days after inclusion in the Registry. The main role of the SRO is to ensure its members comply with the Microfinance Business Law, implementing CBR regulations and the basic standards set by the CBR. To this end they collect reports from their members and audit their activities. The SRO then reports the results to the CBR. Each SRO can also consider consumer's complaints about its members and microfinance organisations are legally obliged to cooperate with their SRO.

Other governmental agencies such as Federal Service for Supervision of Communications, Information Technology and Mass Media (also known as Roskomnadzor) also exercise regulatory and supervisory functions over microfinance organisations in the Russian Federation.

Microfinance activity in Russia is governed by a number of laws including the Microfinance Business Law, the Law on Consumer Credit and implementing CBR regulations. The main law regulating the microfinance sector is the Microfinance Business Law. Among other things, it determines the status of microfinance organisations, sets forth parameters of consumer lending products that microfinance organisations may offer, and establishes the framework for the operation of, control and supervision over microfinance organisations.

The CBR has issued various rules and regulations governing microfinance activity in Russia including in respect of mandatory ratios for capital, reporting requirements, accounting rules and mandatory procedures. A key element of the CBR's role is consumer protection and it has set requirements for microfinance organisations in terms of consumer complaints handling and disclosure to consumers of risks. It has also sought to promote financial awareness of consumers.

The CBR also handles consumers' complaints under the Law on Consumer Credit and has authority to initiate non regular audits and issue notices to microfinance organisations. The CBR has a general power to investigate the conduct of microfinance organisations and audit their compliance with legal requirements even without a consumer complaint. The CBR also has power to impose sanctions (such as fines) for compliance failures. The CBR keeps a registry of all microfinance organisations and has the authority to exclude entities from the Registry, which will prohibit them from conducting microfinance business. There are various grounds on which the CBR may exclude a microfinance organisation from the Registry including if microfinance organisation systematically over a year violates the provisions of the Law on Consumer Credit or the Federal Law No. 115-FZ "On counteraction of legalization (laundering) of illegal proceeds and terrorism financing" dated 7 August 2001 ("Anti-Money Laundering Law'), submits materially misleading reports or fails to company with mandatory ratios and, if applicable, minimum capital requirements. As discussed below any application to become a microfinance organisation in Russia will also need to be approved by the CBR.

3 Types of Microfinance Organisation

The Microfinance Business Law provides for two types of entity authorised to conduct microfinance business which are microcredit company ("**MCC**") and microfinance company ("**MFC**").

To obtain the status of a microfinance organisation in the form of MCC or MFC, a company established in the Russian Federation in form of either a fund, autonomous non-for-profit organisation, commercial company or partnership must submit to the CBR an application accompanied with all necessary documents and information as required under the Microfinance Business Law and CBR regulation No. 3984-U dated 28 March 2016, including detailed information on its shareholders, senior management and their compliance with the eligibility requirements as well as anti-money-laundering policies. Following the CBR's review of submitted documents, the CBR either grants the applicant status as a microfinance organisation and includes such microfinance organisation in the Registry or refuses the registration if the documents are insufficient or the eligibility requirements are not met.

An MCC is entitled to upgrade its status to an MFC by providing to the CBR documents confirming that it meets the minimum requirements and certifying the source of funds contributed to its charter capital. The CBR will also require additional information about all present and previous shareholders of the MCC with the calculation of net assets of each shareholder to assess its financial position as at the date when contribution was made.

As of 11 September 2019, the Registry included 1915 microfinance organisations, of which 1870 were MCCs and 45 were MFCs.

4 The Difference Between MCCs and MFCs

Both MCCs and MFCs can offer similar consumer lending products such as on-line microloans to individuals and small enterprises. However, the Microfinance Business Law places restrictions on the sources of capital microcredit organisations can call upon and the type of microfinance activity it can conduct.

Under the Microfinance Business Law, MCC's are only able to raise capital from legal entities (being, companies or partnerships) or MCC's shareholders, participants or founders and are not permitted to attract funds from other private individuals or issue bonds. Furthermore, they can only issue microloans up to 500,000 Russian Roubles (approximately £6,000) to a single individual and are not permitted to engage credit organisations for the purposes of client identification under the Anti-Money Laundering Law.

MFC's on the other hand are able to attract capital from a wider range of sources. Like MCC's, MFC's can obtain funding from individuals who are shareholders, participants or founders as well as other legal entities. However, in addition MFC's can:

I. borrow from individuals up to 1.5 million Russian Roubles (approximately £18,000) or more, provided that the principal amount owed by MFC shall not be less than 1,5 million Russian Roubles during the entire term of the loan agreement;

II. acquire or issue bonds registered in accordance with the Federal Law No.39-FZ "On securities market" dated 22 April 1996, as amended, and in relation to which the prospectus has been registered;

III. acquire bonds, not mentioned in II above, with nominal value exceeding 1.5 million Russian Roubles or bonds offered to qualified investors.

MFC can also issue larger microloans (up to 1 million Russian Roubles (approximately £12,000) to a single individual) than MCCs.

As a result of greater freedom MFCs enjoy they are subject to more stringent regulations including, in relation to minimum capital requirements, mandatory ratios and eligibility requirements for the senior managers.

5 Main Requirements of Microfinance Organisations

There are a number of key areas requirements for microfinance organisations in Russia. These are examined in turn below.

Basic standards

The CBR has set basic standards for the conduct of firms in various financial services' sectors. In relation to the microfinance industry these aim to promote high standards of consumer lending services. The three CBR approved basic standards for the microfinance industry are: (i) the Basic standard for operations on financial market approved by the CBR on 27 April 2018("**BS No.1**"), (ii) the Basic standard for risk management approved by the CBR on 27 July 2017 ("**BS No.2**") and (iii) the Basic standard for protection of consumers' rights and interests approved by the CBR on 22 June 2017 ("**BS No.3**"). These standards are implemented and supervised by SROs.

BS No.1 requires microfinance organisations to refrain from unfair treatment of consumers and clearly disclose the terms of consumer lending products. The BS No.1 and BS No.3 provide that a microfinance organization should pre-assess creditworthiness of consumers in accordance with its internal rules and procedures, maintain records of and report to SRO about results of such assessment. With effect from 1 January 2019, microfinance organisations are required to store the results of consumer creditworthiness assessments for a minimum of one year.

Controller Restrictions

The CBR regulates the acquisition or fiduciary management of significant interests in microfinance organisations. A person who acquires an interest in an MCC exceeding 10 per cent. must file a notification with the CBR and MCC. If a person or group acquires (other than as a result of public placement or circulation of shares in an MFC) or receives under fiduciary management of a stake in an MFC exceeding the 10 per cent., 25 per cent., 50 per cent. or 75 per cent. (in case of joint stock company) thresholds, or exceeding 1/3 of shares, 50 per cent. and 2/3 of shares (in case of limited liability company), it must obtain prior approval from the CBR when each threshold is reached. Prior approval is also required if a person or group obtains control over a shareholder of an MFC holding more than 10 per cent of the issued shares. If a person or group acquires a stake in an MFC exceeding the specified thresholds or obtains control over a shareholder of an MFC holding more than 10 per cent. as a result of a public placement or circulation of shares of an MFC or its shareholder, it must obtain post approval from the CBR. As part of the acquisition approval process, the CBR assesses the financial condition of the acquirer of an MFC's shares. If a person fails to file notification or obtain approval, the acquired stake in an amount exceeding the established threshold becomes non-voting. A person who ceases to have control over any interest in an MFC exceeding 10 per cent. or the MFCs shareholder, must also notify the CBR. The Company has notified the CBR of its acquisition of Zaim and therefore has complied with all its notification requirements under the controller regime.

Capital Requirements

In respect of microfinance organisations historically MCCs have not been required to hold any minimum amounts of capital. MFCs however, are required to hold minimum amounts of capital. The current requirement for MFC's is a minimum capital of 70 million Russian Roubles (approximately £830,000). Throughout the period 1 January 2016 to 31 December 2018 no minimum capital requirements applied to Zaim. From 1 July 2020 Zaim must have at least RUR 1 million of capital, which will increase by RUR 1 million per year until 2024. As at 31 December 2018, Zaim had in excess of 5 million Russian Roubles (approximately £59,000).

Mandatory ratios

In 2012 the Russian Ministry of Finance established mandatory ratios for microfinance companies. These requirements were modified by the introduction of *CBR regulation No.4384-U dated 24 May 2017 (as amended)*, which as of 1 January 2018 obliged both MFC's and MCC's to observe certain mandatory ratios and report them to the CBR on a monthly or quarterly basis (from 1 October 2019 the CBR regulation No.4384-U will be replaced with the CBR regulation No.5114-U dated 02 April 2019). Such ratios are calculated on the basis of RAS, as formulated by the applicable Russian laws and CBR regulations. According to CBR regulation No.4384-U dated 24 May 2017 (as amended), economic ratios for MCCs include capital adequacy ratio and liquidity ratio. According to CBR regulation No.4382-U dated 24 May 2017 (as amended), economic ratios for MFCs also include capital adequacy ratio, liquidity ratio, maximum exposure to a single borrower or a group of affiliated borrowers and maximum exposure to related person (group of related persons). In April 2019 the CBR issued regulations No.5114-U and No.5115-U obliging MFCs and MCCs to calculate a borrower's debt burden ratio (DBR) in accordance with the established requirements. These regulations will become effective on 1 October 2019 and from that point Zaim will need to ensure that if the client to whom it provides a loan has a DBR greater than 50% it will need to have additional capital equal to 50% of the loan amount which will increase to 65% in 1 January 2020. The table below represents mandatory ratios for MCC and MFC currently in force:

Type of organisation	*Minimum capital adequacy ratio (%).*	*Minimum liquidity ratio (%)*	*Maximum exposure to a single borrower or a group of affiliated borrowers (%)*	*Maximum exposure to related person (group of related persons) (%)*
MCC	5	70	n/a	n/a
MFC	6	100	25	20

Zaim's mandatory ratios over the period for which they were applicable to Zaim are as follows (the mandatory ratios came into effect from 1 January 2018):

Ratio	*31/3/18*	*30/6/18*	*30/9/18*	*31/12/18*	*31/3/19*	*31/5/19*	*30/6/19*
Zaim capital adequacy ratio (%).	178.29	58.53	12.50	11.68	56.02	65.10	74.85
Minimum capital adequacy ratio (%).	5	5	5	5	5	5	5
Zaim liquidity ratio (%)	46.43	89.28	127.42	75.75	107.08	92.30	95.48
Minimum liquidity ratio (%)	70	70	70	70	70	70	70

Therefore, Zaim has been in compliance with its minimum capital adequacy ratio and minimum liquidity ratio from 1 January 2016 through to the most recently available figures of 30 June 2019 apart from a breach of the liquidity ratio on 31 March 2018. Zaim was also in breach of the ratio as at 31 December 2017. As Zaim scaled back its loan book and following the restructuring of the EER Master Debenture Agreement this ratio improved. As a result, of the March 2018 breach, the CBR initiated administrative proceedings against Zaim and Zaim's COO. These proceedings are ongoing but the maximum administrative fines than can be imposed on Zaim is 50,000 Russian roubles (an equivalent of approximately up to £620) and on Vladimir Golovko is 10,000 Russian roubles (an equivalent of approximately £130). A one-year statutory limitation period applies in respect of claims by the CBR in this area and so the violation of liquidity ratio as of 31 December 2017 is no longer actionable by the CBR.

Zaim is currently in compliance with its capital mandatory ratios.

Loss provisions

The CBR regulates the creation of provisions for loan losses of microfinance organisations, which apply equally to MCCs and MFCs under CBR regulation No.4054-U dated 28 June 2016 (as amended). Loans are grouped and classified into following categories: consumer loans in the amount of less than 30,000 Russian Roubles with maturity less than 30 days (short terms loans), other consumer loans, loans to small and medium enterprises and individual entrepreneurs, loans to other individual entrepreneurs and enterprises. For overdue consumer short-term loans, microfinance organisations are required to create reserves equal to between 50% and 100% of the indebtedness depending on overdue period.

Provisions for loan losses are created in relation to principal amounts of the loan and interest accrued and calculated at the end of each calendar month for MFC's and each calendar quarter for MCC's.

As of 31 December 2018, 31 December 2017 and 31 December 2016, Zaim created loan provisions in total amounting to 2,520 million Russian Roubles (approximately £29 million), 2,161 million Russian Roubles (approximately £28 million) and 1,644 million Russian Roubles (approximately £22 million), respectively. In respect of its year end accounts for 2016, 2017 and 2018, Zaim has created all of the provisions in respect of its loan losses that are required by Russian law.

Reporting requirements

Under CBR Regulation No. 4383-U dated 24 May 2017, MFCs are required to report to the CBR on a monthly and yearly basis details of outlets, bank accounts, major creditors and borrowers, loans advanced, economic ratios and capital amounts as well as received proceeds. MCC's report the same information on quarterly and yearly basis. Both MFCs and MCC are also under certain non-regular reporting requirements.

Also, financial statements prepared in accordance with Russian governmental and industry accounting standards must be submitted to the CBR annually. MFCs are also required to submit financial statement on a quarterly basis and their annual financial statements audited. These financial statements are then made publicly available by MFC.

In 2018, the CBR audited Zaim's reporting data and recalculated Zaim's economic ratios presented as of 31 December 2017, 31 March 2018 and 30 June 2018. The CBR found that Zaim had provided inaccurate data in relation to its economic ratios and made a determination in relation to Zaim's liquidity ratio, which according to the CBR amounted to 46.43 per cent. and 38.69 per cent. as of 31 March 2018 and 31 December 2017, respectively. This resulted in a breach of Zaim's liquidity ratio as of 31 March 2018 and as of 31 December 2017, which was lower than the minimum liquidity ratio of 70 per cent. The liquidity ratio breach constitutes an administrative offence which results in a maximum fine of 50,000 Russian roubles (an equivalent of approximately £620) imposed on the microfinance organisation and maximum fine of 10,000 Russian Roubles (an equivalent of approximately £130) imposed on the directors.

As a result of the CBR's audit in 2018, the CBR requested Zaim submit updated reporting forms. Further, in March 2019, the CBR initiated administrative proceedings against Zaim and Zaim's COO in relation to the liquidity ratio breach as of 31 March 2018. This could lead to administrative fines being imposed on Zaim for an amount of 30,000 to 50,000 Russian roubles (an equivalent of approximately up to £620) and Vladimir Golovko, Zaim's COO, being fined an amount of 5,000 to 10,000 Russian roubles (an equivalent of approximately £130). The CBR did not take any enforcement action in relation to the liquidity ratio breach as of 31 December 2017 since a one-year statutory limitation period has lapsed.

The Company does not believe that this will affect its status and it is compliant with all of its existing reporting requirements.

Under the Microfinance Business Law, if a microfinance company systematically submits materially inaccurate reporting data during a year, the CBR has the right to terminate a microfinance organisation's status and exclude it from the Registry. The 2018 audit by the CBR noted material inaccuracies or omissions from data reported to the CBR by the Zaim in 2017 and 2018 including in respect of the number of loans issued, number of clients, indebtedness amounts (including principal and interest), outlet addresses, bank accounts, loan provisions and economic ratios. The CBR made a number of recommendations for the improvement of Zaim's internal control procedures and systems. Also in January 2019 the CBR issued an order to Zaim to rectify inaccuracies in the data and submit updated reporting forms by 28 February 2019. Zaim submitted the information prior to this deadline and the Director's believe that all recommendations and orders of the CBR in this area have been complied with. However, the CBR levied a fine on Zaim of RUR 100,000 (an equivalent of approximately £1,250) for inaccuracies identified by the CBR in reports submitted by Zaim in October 2018.

Consumer Lending Law

The Law on Consumer Credit imposes on microfinance organisations obligations to properly document credit agreements, give borrower rights to withdraw and provide necessary information about total cost of credit. In 2018 as part of the CBR audit it was highlighted that Zaim did not set-off the payment amount received from the customer against the interest accrued before setting off received payment against the principal debt as required by consumer credit law. This requirement was breached in relation to 8, 5 and 3 loans as of 31 December 2017, 31 March 2018 and 30 June 2018, respectively. In December 2018, the CBR issued an order to the Company requesting to cure these violations which the Company has duly complied with.

A number of Zaim's clients have complained to the CBR and/or the Zaim's SRO alleging violations of their consumer rights. These complaints often relate to requests for loan restructurings, information requests and fraud complaints and usually require remedial action rather than fiscal reimbursement. In the first six months of 2019, years 2018 and 2017, the Company received 627, 2305 and 871 non-monetary complaints, of which 436, 1361 and 667 were upheld and dealt with by the Zaim. The remainder were rejected by Zaim. Zaim liaises with the CBR and SRO "MIR" in relation to client complains. Zaim's SRO has not upheld any of the complaints it has received whilst the CBR issued 1 order in 2018 and 8 orders in 2017 with respect of consumers' complaints. 46 orders were issued by the CBR in 2016, primarily relating to violations of the requirement to indicate the full amount of interest rate in a specific format (for instance 730,000% instead of 730%). All orders have been complied with since at least 1 January 2016.

Under Russian law, any failure to comply with a CBR order may lead to the imposition of administrative fine in the amount of up to 700,000 Russian roubles (approximately GBP8,500) and managers in the amount of up to 30,000 Russian roubles (an equivalent of approximately up to GBP620). In addition, if an MCC systematically violates during a year the Law on Consumer Credit the CBR has power to exclude Zaim from the Registry.

As far as the directors are aware their agreements and practices are in compliance with Russian consumer credit law.

Consumer Loan Products

The Law on Consumer Credit distinguishes between different types of consumer loans, including unsecured consumer loans with maturity less than a year, unsecured consumer loans in amount of less than 10,000 Russian Roubles with maturity less than 15 calendar days, mortgage loans and other types of loans. The Group currently focuses on lending payday loans in amount of less than 30,000 Russian Roubles with maturity less than 30 days.

The consumer loan products offered by the Group are subject to certain statutory limitations. In particular, the effective interest rate cannot exceed 4/3 average market rate calculated and published by the CBR on a quarterly basis. The calculation of average market rate is based on average-weighted rates charged by 100 largest lenders. In 2018, the Federal Law No. 554-FZ "On Amendments to the Federal Law "On Consumer Credit (Loan)" and the Federal Law "On Microfinance Activities and Microfinance Organizations" dated 27 December 2018 ("**2018 Amendments**") introduced limitations on interest rate and maximum recovery amount in relation to consumer loans with maturity less than a year:

Period When the Loan is Granted	*Interest Rate Cap, % per day*	*Maximum Recovery Rate, size of the loan amount*
From 28 January 2019 until 30 June 2019	1.5	2.5
From 1 July 2019 until 31 December 2019	1*	2
From 1 January 2020	1*	1.5

* According to 2018 Amendments, starting from 1 July 2019, the interest rate set by microfinance organisations shall be capped at the lowest of (a) 4/3 average market rate (according to the CBR publications) or (b) 365 per cent yearly rate.

Zaim complies with the mandatory interest cap and maximum recovery rate requirements set out above.

The Anti-Money Laundering Law

The Anti-Money Laundering Law was adopted to comply with the requirements of the Financial Action Task Force. The amendments relating to anti-money laundering practices applicable to consumers loans in amount of less than 15,000 Russian roubles were introduced in December 2015 and came into effect on 29 March 2016.

Microfinance organisations must comply with the provisions of the Anti-Money Laundering Law relating to, among other things, the development of appropriate internal standards and procedures, client identification and reporting of suspicious activities. Under the Microfinance Business Law, both MCCs and MFCs are required to appoint an anti-money laundering officer and the officer appointed by the MFCs must meet certain eligibility criteria. Zaim's anti-money laundering officer is Mr Kazakov Evgeniy Anatolievich appointed by the order of Zaim's COO on 01 August 2017. In summer 2019 a new law has been enacted imposing certain eligibility requirements for MCC, effective from 1 July 2020 (at the level currently applicable to MFC). Zaim has confirmed that the current management of Zaim already meets the eligibility requirements as of today.

CBR regulation No.444-P dated 12 December 2014 (as amended) regulates the rules and procedures to be followed by microfinance organisation in relation to identification of potential clients before lending any loan. Before the changes introduced by the Anti-Money Laundering Law, as a general rule microfinance organizations were not required to conduct any client identification when granting any consumers loans in the amount up to 15,000 Russian roubles. "Simplified" identification was required for loans in excess of 15,000 Russian roubles and up to RUR 60,000.

Following the introduction of the changes to the Anti-Money Laundering Law in 2015 the requirements to conduct the simplified due diligence process was extended to consumer loans of less than 15,000 Russian Roubles with effect from the end of March 2016. Simplified due diligence may be undertaken in two forms:

i) by the presentation of original ID documentation (in person) or by providing a duly "certified" copies of their ID documentation; or

ii) by using the client authorization procedure using the USIA; or

iii) by making a request to the state database for cross-verification of data provided by customer and verifying the mobile phone of the client through an acknowledged text message (this type of KYC procedure is currently only available to MFCs via bank agents, but will be made available to both MFCs and MCCs via banks or other credit organization or by direct connection to such systems from 1 October 2019).

The Directors have formed the view that self-certification of ID documents complies with Anti-Money Laundering Law on the basis of recent communications issued by the CBR and market practice. The CBR has issued two statements to market participants which give grounds to justify the argument that self-certification of ID documents is permissible provided that such procedures are adequately documented in the lender's internal procedures. The internal guidelines of Zaim provide for self-certification and a cross check of the passport details against the Federal Financial Monitoring Service or Rosfin monitoring database. It also understood that the practice of relying on self-certified ID documents remains widespread practice amongst MCCs.

A more conservative based approach to certification of ID document would tend towards the use of face-to-face meetings and for ID documents to be certified by an independent third party, having undertaken an inspection of the documents. In the event that the rules on certification of ID documents are clarified, the Company intends to ensure that Zaim adapts its internal procedures to accord with those rules.

Zaim has been subject to inspection by the CBR in 2018 and the CBR identified as part of its inspection that Zaim had failed in certain cases to detect clients who were included on AML black-lists and it had failed to freeze the assets which belonged to these applicants. The CBR requested additional documents during its inspection in relation to revealed violations of the Anti-Money Laundering Law and the Zaim's AML policies. As part of these requests Zaim provided a copy of its internal guidelines to the CBR and no corrections to the procedures were required. However, the CBR have not expressed its opinion on the policies themselves nor have they taken any enforcement action against Zaim in relation to revealed violations other than the above referenced additional information requests.

If Zaim's practices are deemed to be in breach of the Anti-Money Laundering Law, the CBR has power to exclude Zaim from the Registry and levy administrative fines of up to Russian Roubles 1,000,000 (equivalent to approximately £12,400) on Zaim and fines up to Russian Roubles 50,000 (approximately £620) against its managers and suspension of the Zaim's business activity for a period of up to two months.

The directors have received no indication from the CBR that they intend to take any action against Zaim in respect of these breaches and Zaim has tightened its compliance practices so that clients are cross checked against the AML black list and all staff are aware of the Zaim's procedures.

The Director's believe Zaim's money laundering policies are in compliance with local law.

From 1 October 2019 under the amendments to the AML law Microfinance Business Law as amended in August 2019, MCCs can perform all types of simplified client identification procedures by themselves or delegate this process to a bank or other credit organisation. Banks are able to verify clients by submitting certain personal data (such as name, passport details, tax identification number) to the state database provided and verifying the mobile phone of the client through an acknowledged text message.

Credit Reporting

Federal Law No. 218-FZ "On Credit Histories" dated 30 December 2004, as amended ("**Credit Histories Law**"), governs the operation of "credit bureaus" that maintain databases of borrowers' credit histories. The Credit Histories Law requires all microfinance organisations, including Zaim, to provide at least one credit bureau with credit histories of all borrowers that have consented to the distribution of such credit histories. The borrower's credit history will consist both of public and confidential parts and must include, among other elements, information on the borrower's outstanding debt and interest thereon, the terms of repayment and legal proceedings involving the borrower in respect of loans and credits. Each credit bureau has its own database of credit histories, to which it may provide access to their respective eligible customers. At the same time all credit histories are indexed in the Central Catalogue of Credit Histories maintained by the CBR. The CBR oversees the credit bureaus and maintain a general catalogue of credit histories. As of 1 September 2019, the CBR had registered 12 credit bureaus. Zaim is up to date with its credit reporting requirements.

Debt Collection

The Federal Law No.230-FZ "On protection of rights and interests of individuals in the course of bad debt collection" amending the Federal Law "On microfinance activity and microfinance organizations" dated 03 July 2016, as amended, established a legal framework providing for minimum requirements to be complied with in the course of interaction with consumers by microfinance organizations and collection agencies in respect of the collection of debts.

Zaim's current policy has been not to enforce its rights under consumer loan agreements in court and/or engage collection agencies, primarily due to high cost of court and collection proceedings. Zaim has therefore complied with all debt collection requirements since they were introduced. Under Russian law, as a general rule the statutory period of limitation is three years. However, borrowers still make payments after this period to avoid an adverse credit rating, which reduces their access to third party finance.

Data Protections Law

The Group is subject to data protection laws, including Federal Law No. 152-FZ "On Personal Data" dated 27 July 2006 (as amended) ("**Data Protection Law**"). In July 2014, the President of the Russian Federation signed Federal Law No. 242-FZ, which created an obligation for all companies that collect and process personal data of Russian citizens to use databases located in Russia, subject to certain limited exceptions. Zaim is required to be registered as "data operator" with Roskomnadzor, and as far as the Directors are aware Zaim is and has been in compliance with all of its data protection requirements since at least 1 January 2016.

Zaim has complied with its data protection requirements.

PART XIV

ADDITIONAL INFORMATION

1. Responsibility

The Company whose registered office address is located at Hill Dickinson LLP, The Broadgate Tower, London, EC2A 2EW, Proposed Directors and the Directors, whose names appear on page 33 of this Document, accept responsibility for the information contained in this Document. Each of the Directors, Proposed Directors and the Company confirm that to the best of their knowledge, the information contained in the Document, is in accordance with the facts and makes no omission likely to affect its import.

2. The Company

2.1 The Company was incorporated in England and Wales on 15 June 2018 with the name Agana Holdings Plc with the registration number 11418575 as a public limited company. The Company's legal entity identifier (LEI) is 213800Z4MI9KSZA2VW72. On 22 July 2019 at the first annual general meeting, Agana Holdings Plc changed its name to Zaim Credit Systems Plc by special resolution.

2.2 The legal and commercial name of the Company is Zaim Credit Systems Plc.

2.3 The Company's telephone number is +44 (0)203137 1902. The Company's principal place of business is Room No.1 -12, Structure 7, Trekhgorny Lane, Moscow, Russia, 123022.

2.4 The Company is not regulated by the FCA or any financial services or other regulator. The Company's subsidiary Zaim is regulated by the CBR as a MCC. With effect from Admission the Company will be subject to the Listing Rules and the Disclosure Guidance and Transparency Rules (and the resulting jurisdiction of the FCA), to the extent such rules apply to companies with a Standard Listing pursuant to Chapter 14 of the Listing Rules.

2.5 The principal legislation under which the Company was incorporated and operates, and pursuant to which the Ordinary Shares have been created, is the Companies Act. The Company operates in conformity with its Articles and the Companies Act.

2.6 The liability of members of the Company is limited to the amount, if any, unpaid on the shares held by them.

2.7 The Company's website address is www.zaimcreditsystemsplc.com. The information on the Company's website does not form part of this Document.

2.8 The ISIN number of the Ordinary Shares is GB00BK5T9G03.

3. The Existing Group

As at the date of this Document, the Company has the following subsidiary, details of which are set out below:

Company Name	*Country of Incorporation*	*Ownership at Admission*
Zaim Express LLC	Russia	100%

4. Share Capital History

4.1 The following table shows the issued and fully paid share capital of the Company at the date of this Document and as it will be immediately following Admission:

Class of Share	*Issued and Credited as Fully Paid* *Number*	*Amount Paid up (£)*
As at the date of this Document:		
Ordinary Shares	326,000,000	£3,260,000
As at Admission:		
Ordinary Shares	436,975,000	£4,369,750

4.2 On incorporation, the issued share capital of the Company was £60,000 compromising 6,000,000 Ordinary Shares. Those Ordinary Shares were issued, credited as fully paid to the original subscribers of the memorandum of association of the Company: (i) Veandercross (UK) Limited; (ii) Cape Light Investments Limited; (iii) Stonedale Management and Investments Limited; (iv) Simon Retter; and (v) Flowcomms Limited (together the **Agana Founders**).

4.3 The following changes to the issued share capital of the Company have occurred since incorporation:

(a) pursuant to a board resolution passed on 10 September 2019 to approve the Zaim Acquisition the Company issued 320,000,000 Ordinary Shares to Zaim S.A. at a price of 2.5 pence per Ordinary Share;

(b) pursuant to a board resolution passed on 29 October 2019, the Company has approved the issue of 32,250,000 Options to the Directors, senior management and other advisers who have provided services to the Company in connection with Admission of the Company. Further details of the grant of Options is summarised paragraph 10.3 of Part XIV of this Document; and

(c) by a resolution of the Board at a meeting held on 22 July 2019 the Company has (conditional on Admission) issued 104,000,000 Ordinary Shares in aggregate pursuant to the Fundraising at the Fundraise Price.

4.4 Pursuant to annual general meeting of the Company held on 22 July 2019 the Directors were generally and unconditionally authorised to exercise all the powers of the Company to allot up to an aggregate amount of:

(a) £3,200,000 in respect of the issue of the Initial Consideration Shares forming part of the consideration for the Zaim Acquisition;

(b) £320,000 in respect of the Deferred Consideration Shares due in respect of the Zaim Acquisition;

(c) £1,040,000 in respect of Placing Shares to be issued in connection with the Placing;

(d) £69,950 in respect of Fee Shares issued in connection with the Admission;

(e) £107,500 in respect of Options to be granted to Directors, employees and consultants;

(f) £52,000 in respect of broker warrants in connection with the Placing;

(g) otherwise than pursuant to sub-paragraphs (a) to (f) above, of equity securities up to an aggregate nominal value equal £1,454,835;

(h) the Directors may allot equity securities for the purposes of (a) to (g) above as if section 561 of the Companies Act and any pre-emption rights in the Articles did not apply in respect of any such allotment;

(i) the authorities described in (a) to (h) above, shall expire on the expiration of eighteen months after the date of the passing of these resolution and the conclusion of the next annual general meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

4.5 Save as disclosed in this Document:

(a) no share or loan capital of the Company has been issued or is proposed to be issued;

(b) no person has any preferential subscription rights for any shares of the Company;

(c) no share or loan capital of the Company is unconditionally to be put under option; or

(d) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

4.6 The Placing Shares will on Admission will rank *pari passu* in all respects with the Existing Shares including the rights to dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

4.7 The Ordinary Shares will be listed on the Official List and will be traded on the Main Market of the London Stock Exchange. 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.

4.8 Save as disclosed in this Document, as at the date of this Document, the Company will have no short, medium or long term indebtedness.

5. Memorandum and Articles of Association of the Company

Set out below is a summary of the provisions of the Articles of Association of the Company. A copy of the Articles is available for inspection at the address specified in paragraph 22 of this "Part XIV – Additional Information".

5.1 *Memorandum of Association*

In accordance with section 31 of the Companies Act and the Articles, the objects of the Company are unrestricted.

5.2 *Articles of Association*

5.2.1 Set out below is a summary of the provisions of the Articles of Association of the Company.

(a) *Share Capital*

The Company's share capital currently consists of Ordinary Shares. The Company may issue shares with such rights or restrictions as may be determined by ordinary resolution, including shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder of such shares.

(b) *Voting*

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

(c) *Dividends*

The Company may, subject to the provisions of the Companies Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Directors. Subject to the provisions of the Companies Act in so far as, in the Directors' opinions, the Company's profits justify such payments, the Directors may pay interim dividends on any class of shares except for shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall, if the Directors resolve, be forfeited and revert to the Company. The Company does not pay interest on any dividend unless otherwise provided by the terms on which the shares were issued or the provision of another agreement.

(d) *Transfer of Ordinary Shares*

Each member may transfer all or any of his shares which are in certificated form by means of an instrument of transfer in any usual form or in any other form which the Directors may approve. Each member may transfer all or any of his 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.

The Board may, in its absolute discretion, refuse to register a transfer of certificated shares unless:

i. it is for a share which is fully paid up;

ii. it is for a share upon which the Company has no lien;

iii. it is only for one class of share;

iv. it is in favour of a single transferee or no more than four joint transferees;

v. it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty; and

vi. it is delivered for registration to the registered office of the Company (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, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

The Directors may refuse to register a transfer of uncertificated shares in any circumstances that are allowed or required by the uncertificated securities rules and the relevant system.

(e) *Allotment of shares and pre-emption rights*

Subject to the Companies Act and the Articles and in accordance with section 551 of the Companies Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period, all the powers of the Company to allot shares up to an aggregate nominal amount equal to the amount stated in the relevant special resolution passed pursuant to section 561 of the Companies Act, authorising such allotment.

Under and within the terms of the said authority or otherwise in accordance with section 570 of the Companies Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined in the Companies Act), wholly for case:

i. in accordance with a rights issue (as defined in the Articles);

ii. otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the amount stated in the relevant ordinary or special resolution passed pursuant to section 551 of the Companies Act, authorising such allotment.

(f) *Variation of Rights*

Subject to the provisions of the Companies Act and to any rights attached to the existing shares, all or any of the rights attached to any class of share may be varied either with the written consent of the holders of not less than 75% in number of the issues shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the issued shares of that class.

(g) *Directors*

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.

Subject to the Articles and the Companies Act, the Company may by ordinary resolution appoint a person who is willing to act as a Director and the Board shall have power at any time to appoint any person who is willing to act as a Director, in both cases either to fill a vacancy or as an addition to the existing Board.

At the first annual general meeting all Directors shall retire from office and may offer themselves for re-appointment by the Shareholders by ordinary resolution.

At every subsequent annual general meeting any director who:

i. has been appointed by the Directors since the last annual general meeting; or

ii. was not appointed or re-appointed at one of the preceding two annual general meetings;

must retire from office and may offer themselves for reappointment by the Shareholders by ordinary resolution.

Subject to the provisions of the Articles, the Board, which may exercise all the powers of the Company, may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors.

The quorum for a Directors' meeting shall be fixed from time to time by a decision of the Directors, but it must never be less than two and unless otherwise fixed, it is two.

Questions arising at a meeting shall be decided by a majority of votes of the participating directors, with each director having one vote. In the case of an equality of votes the chairman shall have a second or casting vote.

The Directors shall be entitled to receive such remuneration as the Directors shall determine for their services to the Company as directors and for any other service which they undertake for the Company provided that the aggregate fees payable to the Directors must not exceed such amount as may from time to time be decided by ordinary resolution of the Company. The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Shareholders or class meetings, board or committee meetings or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

The Board may, in accordance with the requirements in the Articles, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under the Companies Act to avoid conflicts of interests.

A Director seeking authorisation in respect of such conflict shall declare to the Board the nature and extent of his interest in a conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the conflict together with such additional information as may be requested by the Board.

Any authorisation by the Board will be effective only if:

i. to the extent permitted by the Companies Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of the Articles;

ii. any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted Director and any other conflicted Director; and

iii. the matter is agreed to without the conflicted Director voting or would be agreed to if the conflicted Director's and any other interested Director's vote is not counted.

(h) *General meetings*

The Company must convene and hold annual general meetings in accordance with the Companies Act.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the articles, two Shareholders present in person or by proxy and entitled to vote shall be a quorum for all purposes.

(i) *Borrowing Powers*

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

i. borrow money;

ii. indemnify and guarantee;

iii. mortgage or charge;

iv. create and issue debentures and other securities; and

v. give security either outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(j) *Capitalisation of profits*

The Directors may, if they are so authorised by an ordinary resolution of the Shareholders, decide to capitalise any undivided profits of the Company (whether or not they are available for distribution), or any sum standing to the credit of the Company's share premium account or capital redemption reserve. The Directors may also, subject to the aforementioned ordinary resolution, appropriate any sum which they so decide to capitalise to the persons who would have been entitled to it if it were distributed by way of dividend and in the same proportions.

(k) *Uncertificated Shares*

Subject to the Companies Act, the Directors may permit title to shares of any class to be issued or held otherwise than by a certificate and to be transferred by means of a relevant system without a certificate.

The Directors may take such steps as it sees fit in relation to the evidencing of and transfer of title to uncertificated shares, any records relating to the holding of uncertificated shares and the conversion of uncertificated shares to certificated shares, or vice-versa.

The Company may by notice to the holder of an uncertificated share, require that share to be converted into certificated form.

The Board may take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of an uncertified share or otherwise to enforce a lien in respect of it.

6. Directors and Proposed Directors of the Company

6.1 The Directors of the Company and their respective functions are as follows:

Director	*Position*	*Business address*
Siro Cicconi	Chief Executive Officer	c/o Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW
Simon Retter[1]	Finance Director	c/o Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW
Vladimir Golovko	Chief Operating Officer	Room No. 1-12, Structure 7 Trekhgorny Lane, Moscow, Russia 123022

(1) Simon Retter is the founder of the Company. Simon Retter is also a director on the board of Vertu Capital Ltd a special purpose acquisition company established to initially focusing on the financial services sector, but which may consider acquisition opportunities in other sectors. This may give rise to the potential for a conflict of interest if the Group seeks to acquire other financial services businesses. Further details of the potential conflict of interest are set out in paragraph 20.1(b) of this Part XIV of the Document.

6.2 The Proposed Directors of the Company and their respective functions are as follows:

Proposed Director	*Position*	*Business address*
Malcolm Groat	Non-Executive Chairman	c/o Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW
Paul Auger	Non-Executive Director	c/o Hill Dickinson LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW

6.3 The Senior Managers with appropriate expertise and experience are as follows:

Senior Manager	*Position*	*Business address*
Andrey Katyshkov	Chief Financial Officer of Zaim	Room No. 1-12, Structure 7 Trekhgorny Lane, Moscow, Russia 123022
Vildan Vegerio	Head of Network Management of Zaim	Room No. 1-12, Structure 7 Trekhgorny Lane, Moscow, Russia 123022
Alexander Akhmetov	Head of the Legal Department of Zaim	Room No. 1-12, Structure 7 Trekhgorny Lane, Moscow, Russia 123022

6.4 The table below sets out the names of all companies and partnerships outside of the Company of which any of the Directors, Proposed Director and Senior Managers of the Company is or has been a member of the administrative, management or supervisory body or partner at any time within the previous five years:

Name of Director	*current directorships and or partnerships*	*previous directorships and or partnerships*
Siro Cicconi	Eastern Europe Resources SA Effegi srl (in Liquidazione) CG Enertrade LTD Rewind Lab srl Condotti 36 srl Nazareno Gabrielli srl Zaim Holdings SA Synthesis srl	Re Gi Europ
Simon Retter	CTFH Holdings Ltd Equatorial Mining and Exploration Plc Horizonte Minerals (IOM) Ltd. HRC World Plc I-Med Aesthetics Ltd I-Med Group International Ltd I-Med Treasury Ltd Stonedale Management and Investments Ltd SulNOx Group plc SulNOx Fuel Fusions Ltd Timpton Ltd Upham Holdings plc Vertu Capital Limited Zaim International Limited Fragrant Prosperity Holdings Limited	Amasya Resources Ltd African Rock Resources Ltd African Sports Association Botle Diamonds Pty Ltd Gemstones of Africa Ltd I-Med Animal Healthcare Ltd I-Med Clinics Ltd I-Med Sport Ltd I-Med Medical Therapy System Ltd International Diamond Consultants Ltd LAN Greenfield Limited LAN Group Plc Mama Jos Limited MDMS Online Ltd Meso Diamonds Mauritius Ltd Mindex Ltd Obtala Ltd Obtala Services Ltd Paragon Diamonds Mauritius Ltd Paragon Diamonds Ltd Sierra Leone Hard Rock Ltd Skinside UK Ltd TriSkin Ltd Uragold Ltd Vale International Group Ltd
Vladimir Golovko	Zaim Express LLC Eastern Europe Resources SA	Microcredit Company Denezhnyi Express LLC
Malcolm Groat	Auric Global Ltd Baronsmead Second Venture Trust plc Corps Of Commissionaires Management Limited Davictus plc Golden Saint Technologies Limited Infrastrata PLC Lucyd Pte. Ltd. Maritime House Limited Mr Lee's Pure Foods Co. Ltd Tekcapital, LLC Tekcapital plc Tomco Energy plc	Auric Global Pte. Limited Baronsmead Vct 4 plc Landmark Development Group Limited London Mining P.L.C MMM Consulting Ltd Nkcell Plus Plc Rare Metals UK Limited Vale International Group Ltd West Coast Land Ltd

Name of Director	*current directorships and or partnerships*	*previous directorships and or partnerships*
Paul Auger	TFS Loans Limited The Finance Store Limited	TFS Property Finance Limited
Andrey Katyshkov	Eastern Europe Resources S.A Land of Rest, LLC	None
Vildan Vegerio	None	None
Alexander Akhmetov	None	None

6.5 Other than set out in paragraph 6.6 below, as at the date of this Document none of the Directors, Proposed Directors and Senior Managers:

(a) has any convictions in relation to fraudulent offences for at least the previous five years; or

(b) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company for at least the previous five years; or

(c) has been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authority (including any designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

6.6 London Mining plc borrowed approximately $500m to develop its iron ore mine in Sierra Leone. In 2014, the company was unable to service this debt because of, amongst other matters, the Ebola disaster in Sierra Leone and a steep drop in global commodity prices. Malcolm Groat was a director on 16 October 2014 when London Mining went into administration. Secured creditors were paid approximately $1.1m in October 2016, and unsecured creditors received $154k in April 2017. London Mining plc was dissolved on 30 July 2017.

6.7 Save as set out in paragraph 20 of this "Part XIV Additional Information", none of the Directors, Proposed Directors and Senior Managers has any potential conflicts of interest between their duties to the Company and their private interests or other duties they may also have.

6.8 The Directors, Proposed Directors and Senior Managers have no interests, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole was effect by the Company during the current financial year, or since incorporation, and which remains in any respect outstanding or unperformed.

7. Letters of Appointment, Service Contracts and Consultancy Agreements for Directors and Senior Managers

The details of the Directors' service contracts and appointment letters, all of which are between each individual Director and the Company, are summarised below.

7.1 ***Non-Executive Chairman – Malcolm Groat***

Malcolm Groat is to be appointed as Non-Executive Director and Chairman of the Company (such appointment being conditional on Admission) under the terms of the letter of appointment dated 29 October 2019. Pursuant to this letter of appointment Malcolm Groat is to be paid an annual salary of £25,000 which shall escalate to £35,000 if Zaim reaches EBITDA of £200,000 per calendar month. Mr Groat has agreed that is during the first 12 months following Admission at any point there is expected to be a working capital shortfall, he agrees to defer payment of some, or all, of his salary to a time when the board believes the Company has sufficient working capital to make this payment.

His appointment shall continue until terminated by the Company on three month's notice in writing to the other, or the he is not elected at future general meetings of the Company where he is required to offer himself for re-election in accordance with the Articles of the Company.

7.2 ***Chief Executive Officer – Siro Cicconi***

Siro Cicconi was appointed as Chief Executive Officer of the Company under the terms of a service agreement dated 29 October 2019. Pursuant to this agreement Siro Cicconi is paid an annual salary of £100,000 which shall escalate to £200,000 per annum if Zaim reaches EBITDA of £200,000 per calendar month and shall further escalate to £350,000 per annum if Zaim reaches EBITDA of £350,000 per calendar month. Mr Cicconi has agreed that is during the first 12 months following Admission at any point there is expected to be a working capital shortfall, he agrees to defer payment of some, or all, of his salary to a time when the board believes the Company has sufficient working capital to make this payment.

His appointment shall continue until terminated by the Company providing not less than 12 months' notice in writing, or the he is not elected at future general meetings of the Company where he is required to offer himself for re-election in accordance with the Articles of the Company.

7.3 ***Chief Operating Officer – Vladimir Golovko***

Pursuant to a Service Agreement dated 29 October 2019, Vladimir Golovko has agreed to act as Chief Operating Officer of the Company. Pursuant to this agreement Vladimir Golovko is paid an annual salary of £10,000. His appointment with the Company shall continue until terminated by the Company providing not less than 12 months' notice in writing, or the he is not elected at future general meetings of the Company where he is required to offer himself for re-election in accordance with the Articles of the Company. Vladimir Golovko has agreed that is during the first 12 months following Admission at any point there is expected to be a working capital shortfall, he agrees to defer payment of some, or all, of his salary to a time when the board believes the Company has sufficient working capital to make this payment.

Under the terms of an agreement dated 21 December 2017 Vladimir Golovko is also employed by Zaim for a monthly salary of 700,000 Russian Roubles (approximately £8,500) and a yearly bonus determined by the shareholders with reference to key performance indicators. A discretionary quarterly bonus is typically paid in the amount of monthly salary (depending on the performance). The term of his appointment is five years starting from 21 December 2017. This employment agreement with Zaim may be terminated by Mr.Golovko on not less than 14-day notice in writing. Upon early termination by the Zaim, Mr.Golovko is entitled to a redundancy payment in amount of three average monthly salaries.

7.4 ***Finance Director – Simon Retter***

Pursuant to a service agreement dated 29 October 2019, Simon Retter has agreed to act as Finance Director of the Company. Pursuant to this agreement Simon Retter is paid an annual salary of £60,000 which shall escalate to £120,000 per annum if Zaim reaches EBITDA of £200,000 per calendar month and shall further escalate to £150,000 per annum if Zaim reaches EBITDA of £350,000 per calendar month. Mr Retter has agreed that is during the first 12 months following Admission at any point there is expected to be a working capital shortfall, he agrees to defer payment of some, or all, of his salary to a time when the board believes the Company has sufficient working capital to make this payment.

Please refer to paragraph 7.6 of this Part XIV which provides details of remuneration to be granted to Stonedale in consideration for providing the services of Simon Retter to the Company in the period to Admission.

His appointment shall continue until terminated by the Company providing not less than 6 months' notice in writing, or the he is not elected at future general meetings of the Company where he is required to offer himself for re-election in accordance with the Articles of the Company.

7.5 ***Non-executive Director – Paul Auger***

Paul Auger has entered into an appointment letter with the Company dated 29 October 2019 pursuant to which conditional upon admission Mr Auger agreed to be appointed as a Non-Executive Director of the Company. Pursuant to this agreement Paul Auger is paid an annual salary of £20,000 which shall escalate to £27,000 per annum if Zaim reaches EBITDA of £200,000 per calendar month and his appointment shall continue until terminated by the Company providing not less than 3 months' notice in writing, or the he is not elected at future general meetings of the Company where he is required to offer himself for re-election in accordance with the Articles of the Company. Mr Auger has agreed that is during the first 12 months following Admission at any point there is expected to be a working capital shortfall, he agrees to defer payment of some, or all, of his salary to a time when the board believes the Company has sufficient working capital to make this payment.

7.6 ***Stonedale Consultancy Agreement***

On 29 October 2019, Zaim and Stonedale entered into a consultancy agreement that formalised Zaim's consultancy arrangement with Stonedale pursuant to which Stonedale had provided Simon James Retter to assist with the Admission process. In consideration for these services, the Company Zaim has agreed to issue to pay Stonedale £40,000 at Admission. On 29 October 2019 Zaim, the Company and Stonedale agreed that this fee would be satisfied by the issue to Stonedale at Admission of £40,000 of Ordinary Shares at the Placing Price and that the consultancy services provided by Stonedale would cease at Admission.

7.7 ***Chief Financial Officer of Zaim – Andrey Katyshkov***

Andrey Katyshkov is appointed as Chief Financial Officer of the Zaim under the terms of an employment agreement dated 09 January 2018. Pursuant to this agreement, Mr. Katyshkov is paid a monthly annual salary of 200,000 Russian Roubles and a discretionary monthly bonus in amount of 100,000 Russian Roubles. Also a discretionary quarterly bonus is typically paid in the amount of monthly salary (depending on the performance). This employment agreement may be terminated by Mr.Katyshkov on not less than 14 days' notice in writing.

Andrey Katyshkov is also employed by the Company pursuant to a Service Agreement dated 29 October 2019, under which he has agreed to act as Group Financial Officer. Pursuant to this agreement Andrey Katyshkov is paid an annual salary of £10,000. His appointment with the Company shall continue until terminated by the Company providing not less than 12 months' notice in writing, or the he is not elected at future general meetings of the Company where he is required to offer himself for re-election in accordance with the Articles of the Company. Mr Katyshkov has agreed that is during the first 12 months following Admission at any point there is expected to be a working capital shortfall, he agrees to defer payment of some, or all, of his salary to a time when the board believes the Company has sufficient working capital to make this payment.

7.8 ***Head of Network Management of Zaim – Vildan Vegerio***

Vildan Vegerio is appointed as head of network management of Zaim under the terms of an employment agreement dated 16 July 2011, as amended. Pursuant to this agreement Mr. Vegerio is paid a monthly salary of 40,000 Russian Roubles and a discretionary monthly bonus in amount of 45,000 Russian Roubles. Also a discretionary quarterly bonus is typically paid in the amount of monthly salary (depending on the performance). This employment agreement may be terminated by Mr.Vegerio on not less than 14 days' notice in writing.

7.9 ***Head of the Legal Department of Zaim – Alexander Akhmetov***

Alexander Akhmetov is appointed as head of the legal department of Zaim under the terms of an employment agreement dated 3 October 2011, as amended. Pursuant to this agreement Mr. Akhmetov is paid a monthly salary of 44,000 Russian Roubles and a discretionary monthly bonus in amount of 76,000 Russian Roubles. Also a discretionary quarterly bonus is typically paid in the amount of up to 120,000 Russian Roubles (depending on the performance). This employment agreement may be terminated by Mr. Akhmetov on not less than 14 days' notice in writing.

8. Grant of Options and Warrants

Unapproved Share Option Scheme

8.1 The Company has an unapproved share option scheme (the "**Unapproved Share Option Scheme**"). On 29 October 2019, Share Options were granted to certain Directors and an employee of the Group pursuant to the Unapproved Share Option Scheme as detailed below:

Name of Option Holder	*Number of Shares subject to Options*	*Percentage of Share capital on Admission*	*Date of Grant*	*Exercise period*	*Vesting conditions*	*Exercise price*
Siro Cicconi	10,750,000	2.5%	On Admission	5 years from Admission	N/A	Placing Price
Vladimir Golovko	8,600,000	2.0%	On Admission	5 years from Admission	50% of options shall vest on the first anniversary of grant; and 50% of options shall vest on the second anniversary of grant.	Placing Price
Stonedale Management and Investments Ltd(1)	6,450,000	1.5%	On Admission	5 years from Admission	N/A	Placing Price
Malcolm Groat	2,150,000	0.5%	On Admission	5 years from Admission	Options shall vest on the first anniversary of grant	Placing Price
Andrey Katyshkov	4,300,000	1.0%	On Admission	5 years from Admission	50% of options shall vest on the first anniversary of grant; and 50% of options shall vest on the second anniversary of grant.	Placing Price

(1) Simon Retter is the sole director and sole shareholder of Stonedale Management and Investments Ltd

8.2 The Company intends to issue 10,750,000 options over Ordinary Shares to certain employees of the Company in due course. Such number of options represent approximately 7.38% of the issued share capital on Admission. The Company intends to grant such options on such terms and such vesting conditions as it considers appropriate in respect of each individual grant.

8.3 A term of the Options is that the respective holder shall not exercise rights under the Option (and require new Ordinary Shares to be issued to such party) to the extent that to do so would result in their interest in Ordinary Shares, or the interest of any Concert Party (as defined in the City Code) of which they are a member, being equal to or greater than 30 percent (the threshold under Rule 9 of the City Code above which such individual or Concert Part is required to make a mandatory offer for the outstanding shares of the Company). A further term of the Options is that the collective number of Options shall not exceed 10% of the Ordinary Shares.

8.4 A term of the options granted to Vladimir Golovko and Andrey Katyshkov is that the options lapse:

8.4.1 immediately if they are bad leavers; or

8.4.2 6 months after termination of their employment if they leave for any other reason.

8.5 The Company has agreed to issue the following warrants:

Name of Warranty Holder	Number of Shares subject to Warrants	Percentage of Share capital on Admission	Date of Grant	Exercise period	Exercise price
Optiva	770,000	0.18%	On Admission	3 years	Placing Price
Green Blue 7 S.A.	3,200,000	0.73%	On Admission	3 years	Placing Price
Massimo Grosso	4,430,000	1.01%	On Admission	3 years	Placing Price

8.6 Details of the warrant instruments are summarised in paragraph 15 of this Part XIV.

8.7 As at 29 October 2019 (being the latest practicable date prior to the publication of this Document) all of these options and warrants are outstanding and have not been exercised.

9. Directors, Proposed Directors' and Other Interests

9.1 Save as disclosed below, none of the Directors, Proposed Directors nor any Connected Person has at the date of this Document, or will have at or immediately after Admission, any interests, beneficial or otherwise, in the Ordinary Shares of the Company:

Name	Number of Existing Shares Held	Percentage of Existing Shares Held	Number of Ordinary Shares held immediately following Admission	Percentage of issued Ordinary Shares held immediately following Admission
Simon James Retter[(1)]	2,000,000	0.61%	3,600,000	0.82%
Vladimir Golovko	0	0%	0	0%
Siro Cicconi[(2)]	320,000,000	98.0%	320,000,000	73.23%
Malcolm Groat	0	0%	0	0%
Paul Auger	0	0%	0	0%

(1) Simon Retter has a combined shareholding of 2,000,000 Ordinary Shares, through Stonedale Management and Investments Ltd.

(2) Siro Cicconi's interest in shares is through Zaim SA, which he wholly owns through his life interest in Excelsior Foundation which wholly owns Zaim SA.

9.2 As at the date of this Document (save as described in paragraph 9.1 and the Options described in paragraph 8), the Directors and their respective Connected Persons do not hold any options or warrants or other rights over any unissued Ordinary Shares of the Company.

10. Substantial Shareholdings

10.1 Save for the Directors and their Connected Persons, at the date of this Document and immediately following the Fundraise, so far as is known to the Company, no person(s) were directly or indirectly, interested in three per cent. or more of the existing Ordinary Share capital of the Company other than as set out below:

Shareholder	Number of Existing Shares Held	Per Cent. of Existing Shares Held	Number of Ordinary Shares Held Immediately following Admission	Per cent. of Ordinary Shares held Immediately following Admission
Zaim SA[(1)]	320,000,000	98.0%	320,000,000	73
MPM & Partners (Monaco)[(2)]	0	0%	20,000,000	4.58

(1) Siro Cicconi's interest in shares is through Zaim SA, which he wholly owns through his life interest in Excelsior Foundation which wholly owns Zaim SA.

(2) MPM & Partners (Monaco) holds its shares on behalf of a number of EEA based clients none of whom hold more than 3% of the issued share capital.

10.2 Immediately following Admission, as a result of the Placing, the Directors expect that a number of persons will have an interest, directly or indirectly, in at least three per cent. of the voting rights attached to the Company's issued shares. Such persons will be required to notify such interests to the Company in accordance with the provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules, and such interests will be notified by the Company to the public.

10.3 As at 29 October 2019 (being the latest practicable date prior to the publication of this Document), the Company is not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

10.4 Those interested, directly or indirectly, in three per cent. or more of the issued Ordinary Shares of the Company do not now, and, following the Placing and Admission, will not have different voting rights from other holders of Ordinary Shares.

11. Working capital

The Company is of the opinion that, taking account of available facilities, the working capital available to the Group, taking into account existing cash balances and the Net Proceeds, is sufficient for the Group's present requirements, that is for at least the 12 months from the date of this Document.

12. Significant change

There has been no significant change in the financial performance or financial position of the Company and Zaim since 30 June 2019, being the end of the last financial period for which historical financial information has been prepared.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the period since 15 June 2018 (being the date of the incorporation of the Company) to the date of this Document, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

The Company's only subsidiary, Zaim, is party to ongoing administrative proceedings detailed at paragraph 5 of Part XIII of this Document at the sections headed "Reporting Requirements". However, the Directors and the Proposed Directors do not believe that these proceeds shall have a significant effect on the financial position or profitability of the Group. Aside from these proceeds there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware), affecting Zaim during a period since 1 January 2006 (being the date of the incorporation of Zaim) to the date of this Document, which may have, or have had in the recent past, significant effects on the financial position or profitability of Zaim.

14. Mandatory Bid, Squeeze Out and Sell Out

14.1 *Mandatory Bid*

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the shares by the acquirer or its concert parties during the 12 months prior to the announcement of the offer. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

14.2 ***Squeeze Out***

Under the Companies Act, if an offeror were to acquire or contract to acquire 90 per cent. of the shares to which the offer relates within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

14.3 ***Sell Out***

The Companies Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who made a takeover offer. If a takeover offer related to all the shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her right, the offeree is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed. There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

15. Material Contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Company since the Company's incorporation which: (i) are, or may be, material to the Company; or (ii) contain obligations or entitlements which are, or may be, material to the Company as at the date of this document.

15.1 ***Zaim SPA***

On 10 September 2019, the Zaim SA and the Company entered into a conditional share and purchase agreement ("**Zaim SPA**") by which the Company acquired the entire issued share capital of Zaim through the issue of 320,000,000 new ordinary shares in the Company (the "**Sale Shares**") in anticipation of the Company being admitted to the Official List by way of a Standard Listing.

The ZAIM SPA was conditional upon certain customary conditions including obtaining a waiver from the Takeover Panel of any requirement under Rule 9 of the Code on Zaim to make an offer for the Company; this was satisfied through a Rule 9 waiver provided by the Takeover Panel. All the conditions were satisfied on 30 September 2019.

The Zaim SPA provides for Zaim SA or a person nominated by Zaim SA to be awarded further deferred consideration in the form of Shares in the Company should Zaim reach the following key milestones (the "**Deferred Consideration Shares**"):

(a) EBITDA reaching a minimum of £200,000 per calendar month for a minimum of 4 months and where it is not expected to fall below that level for the proceeding six months then the Zaim SAs will be awarded a further 16,000,000 new ordinary shares in the Company; and

(b) EBITDA reaching a minimum of £350,000 per calendar month for a minimum of 4 months and where it is not expected to fall below that level for the proceeding six months then the Zaim SAs will be awarded a further 16,000,000 new ordinary shares in the Company.

Such share issues are subject to the Company continuing to comply with the Listing Rules which may necessitate delays in the issue of shares.

The Zaim SPA provides for the salaries of the Board to be escalated as the Milestones are met as set out a paragraph 7 of Part XIV, the Zaim SPA also makes provision for certain options in the Company to be provided as set out at paragraph 8 of Part XIV. Also the Zaim SPA contains a post completion obligation to enter an option agreement. If Admission does not occur before 30 November 2019. The option agreement gives Zaim SA a right to repurchase the Zaim Shares and gives the Company a right to compel Zaim SA to transfer the Initial Consideration Shares to the Company or its nominee. In the event that Admission occurs before 31 December 2019 then there is no obligation on either the Company or Zaim SA to enter into this option agreement. Under the Zaim SPA the Deferred Consideration Shares are subject to a 6 month lock-up period which is followed by a further 6 month period in which Zaim SA agrees to only dispose of the Deferred Consideration Shares in an orderly market manner.

Pursuant to obligations assumed under the Zaim SPA on 10 September 2019, Zaim SA, Optiva and the Company entered into a lock-in deed pursuant to which Zaim SA has agreed to the following lock-up arrangements:

(a) for a 12 month lock-up period from the date of the Placing Agreement, Zaim SA has agreed that, subject to certain customary exceptions, it will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein or in respect thereof) of any Ordinary Shares held by it immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing;

(b) for a further the 12 months after the initial lock-up period ends, Zaim SA has undertaken that, subject to certain customary exceptions, it will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein or in respect thereof) of any Ordinary Shares held by it immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing otherwise than through Optiva (subject to certain customary exceptions); and

(c) in respect of any Deferred Consideration, Zaim SA has agreed that such Shares, will be subject to a six month lock-up period from the date of issue, followed by a period of six months in which such shares will be subject to orderly manner restrictions, as described above in paragraphs (a) and (b), respectively.

15.2 ***Relationship Agreement***

On 29 October 2019, Siro Cicconi, the Zaim SA and the Company entered into a relationship agreement, to ensure that the Company is able to carry on its business independently of Siro Cicconi and the Zaim SA and that all transactions and relationships with Siro Cicconi and the Zaim SA shall be on an arms' length and normal commercial basis. Where either of the Founder Shareholder Parties hold or in aggregate holds 20% or more of the total voting rights in the Company, the Zaim SA has the right to appoint a representative director. In addition, where either of the Founder Shareholder Parties hold or in aggregate holds 15% or more of the total voting rights in Company, they have has the right to appoint a board observer.

Under the relationship agreement, Siro Cicconi has agreed to use his reasonable endeavours to procure that the Siro Parties will, among other things:

(a) Not take any action that is intended to preclude or inhibit Company or any other member of the Company's group from operating independently of the Siro Parties.

(b) Make and conduct all transactions and arrangements between Company or any other member of the Company's group and each Siro Party on an arm's length and normal commercial basis.

(c) Not take any action that would have the effect of preventing Company or any other member of the Company group from complying with its obligations under the Listing Rules, the DTRs, the Prospectus Regulation Rules or other applicable law.

(d) Not exercise any of its voting or other rights and powers as a shareholder of Company (i) to procure or propose, or vote in favour of, any resolution for any amendment to the articles which would be inconsistent with or undermine any of the provisions of the relationship agreement or would be contrary to the principle of independence of Company from the Siro Party; (ii) in a manner which would be inconsistent with, or breach any of the provisions of, the relationship agreement or any applicable law; (iii) on any resolution required by applicable law to approve a related party transaction involving any member of the Company's group where a Siro Party is the related party, or otherwise in respect of any contract or arrangement (whether legally binding or not) in which any member of the Siro Party has a material interest (other than by virtue of its interest in shares in Company); or (iv) on any matter which is the subject of any such conflict or potential conflict of interest between the interests of any Siro Party, on the one hand, and the interests of any member of the Company's group on the other.

(e) Not act in a way which any Siro Party knows (or should reasonably know) shall render Company' shares unsuitable for continued admission to Official List and trading on the London Stock Exchange or result in Company being subject to regulatory censure or other adverse regulatory action.

The relationship agreement will terminate on the earlier of:

(a) Zaim SA removing its representative director and its board observer and irrevocably indicating that it no longer wishes to exercise its rights to appoint a representative director and a board observer.

(b) The date on which none of the Siro Parties are no longer entitled to appoint a representative director to the Board.

(c) The relationship agreement may also be terminated by either Company or Siro Cicconi if the Ordinary Shares cease to be admitted to the Official List and trading on the Main Market of London Stock Exchange, certain steps are taken relating to the winding up of Company, arrangements with Company's creditors, or the appointment of a receiver in respect of Company's assets.

15.3 ***Placing Agreement***

On 29 October 2019, the Company, the Directors, Optiva and Beaumont Cornish entered into the Placing Agreement. Pursuant to the Placing Agreement:

(a) Optiva has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price;

(b) the Company and the directors provided certain warranties to Optiva and Beaumont Cornish and the Company provided an indemnity to Optiva and Beaumont Cornish in respect of customary matters of a transaction of this sort;

(c) the Company has agreed that Optiva may deduct from the proceeds of the Placing payable to the Company a commission of 5 per cent. of the amount equal to the Placing Price multiplied by the aggregate number of Placing Shares to be issued by the Company pursuant to the Placing;

(d) the obligations of Optiva to use its reasonable endeavours to procure subscribers at the Placing Price for the Placing Shares are subject to certain customary conditions. These conditions include, among other things, the Company having received completed and duly executed Subscription Letters from all Subscribers for the Subscription Shares the absence of any breach of warranty under the Placing Agreement and Admission occurring at or before 8.00 a.m. on 5 November (or such later time and/or date as Optiva and the Company may agree in writing, being not later than 8.30 a.m. on 31 December 2019).

(e) Optiva has the right to terminate the Placing Agreement, exercisable in certain customary circumstances, prior to Admission (such circumstances including (amongst others) for material breach of the Placing Agreement and where a condition of the Placing Agreement has not been satisfied);

(f) each of the Company and the Directors have given certain warranties and undertakings, subject to customary exceptions, to Optiva and Beaumont Cornish;

(g) the Company has given an indemnity to Optiva and Beaumont Cornish; and

(h) the Company has agreed to pay or cause to be paid (together with any related VAT) (or issued to Optiva) (i) a commission of 5% on funds raised through the Placing by persons introduced by Optiva, (ii) a 1% commission on funds raised through the Placing by persons not introduced by Optiva, (iii) warrants over such number of Ordinary Shares as is equal to the monetary value 5% of the value of subscriptions by Placees introduced by Optiva and (iv) a fee of £30,000 to Optiva (half of which is conditional on Admission) as well as certain costs, charges, fees and expenses of, or in connection with, or incidental to, amongst other things, the Placing and/or Admission.

15.4 ***Lock-in Deeds***

Pursuant to a lock-in deed entered into between the Directors, Optiva, Beaumont Cornish and the Company have agreed to the following lock-up arrangements:

(a) for a 12 month lock-up period from the date of the Placing Agreement, the Directors have agreed that, subject to certain customary exceptions, they will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein or in respect thereof) of any Ordinary Shares held by it immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing;

(b) for a further 12 months after the initial lock-up period ends, the Directors have undertaken that, subject to certain customary exceptions, they will not directly or indirectly transfer the legal and/or beneficial ownership (or any interest therein or in respect thereof) of any Ordinary Shares held by them immediately after Admission (or any Ordinary Shares which may accrue to it as a result of such holding) or enter into any transaction with the same economic effect as any of the foregoing otherwise than through Optiva (subject to certain customary exceptions); and

(c) Siro Cicconi has provided an undertaking that subject to custom, any exceptions, he will not directly or indirectly transfer his legal or beneficial interest in the share capital of Zaim SA for a period of twelve months from Admission.

15.5 ***Engagement Letter with Optiva***

On 5 February 2019, the Company engaged Optiva to act as its broker and placing agent in connection with the proposed Admission. The fee payable to Optiva pursuant to their engagement letter is £30,000 plus VAT, of which £15,000 will be payable on the execution of the engagement letter with the remainder due on Admission. Subject to Admission, Optiva will be appointed as the retained brokers of the Company for an annual fee of £25,000 plus VAT. Additionally, Optiva shall receive 5 per cent. placing commission fee on all funds introduced by Optiva as part of the Placing and a 1% handling fee on other Placings funds. Under the agreement, Optiva will also at Admission be granted warrants over Ordinary Shares at the Placing Price representing 5% of all funds introduced by Optiva, as part of the Placing. The standard terms and conditions are incorporated into the letter of engagement and it contains certain standard indemnities given by the Company in favour of Optiva.

15.6 ***Broker Agreement with Optiva***

Optiva Securities Limited was appointed as broker to the Company with effect from Admission pursuant to the terms of its engagement letter dated 5 February 2019. Pursuant to the terms of its engagement, the Company has agreed to pay a fee of £25,000 per annum (plus any applicable VAT) to Optiva Securities Limited. The appointment will continue unless and until terminated by either party giving to the other not less than three months' notice.

15.7 ***Engagement Letter with Bosphorus IPO Capital Limited***

On 18 June 2018 Bosphorus IPO Capital Limited entered into a consultancy agreement with Zaim in respect of the provision of certain services in respect of a proposed listing of Zaim. Pursuant to this agreement Bosphorus IPO Capital Limited it was agreed that Bosphorus would be entitled to receive commission in the form of cash and warrants over Shares of Zaim, subject to the successful listing of Zaim. On 9 May 2019 the original agreement was amended to reflect that the remuneration on a listing would also be paid in the event that Zaim was acquired and then the combined group listed. On 29 October 2019 the Company, Zaim and Bosphorus IPO Capital Limited entered into an agreement to agree the amount of remaining remuneration due to Bosphorus IPO Capital Limited on Admission. The parties agreed Bosphorus IPO Capital Limited will receive on Admission fully paid up Ordinary Shares equal to 1.25% of the Existing Shares and cash consideration of £9,000 representing 3% of sums raised by Optiva in connection with the Placing.

15.8 ***Green Blue 7 S.A. Deed***

The Company and Green Blue 7 S.A. entered into a warrant deed dated 29 2019, pursuant to which the Company agreed to grant a warrant to Green Blue 7 S.A. to subscribe for 3,200,000 Ordinary Shares, exercisable at the Placing Price. The warrants are exercisable in whole or part within a period of three years of grant.

15.9 ***Engagement Letter with Beaumont Cornish***

Beaumont Cornish was appointed as Financial Adviser to the Company in respect of Admission pursuant to the terms of its engagement letter dated 14 June 2019. Pursuant to the terms of its engagement, the Company has agreed to pay a total fee of £70,000 in respect of the Admission and an annual retainer of £20,000 (plus in each case any applicable VAT).

15.10 ***Optiva Warrant Instrument***

The Company created a warrant instrument dated 29 October 2019, pursuant to which the Company can issue warrants over 770,000 Ordinary Shares representing 5% of the sums introduced by Optiva as part of the Placing, exercisable at the Placing Price. The warrants are exercisable in whole or part within a period of three years.

15.11 ***Massimo Gross Warrant Deed***

The Company and Massimo Gross entered into a warrant deed dated 29 October 2019, pursuant to which the Company agreed to grant a warrant to Massimo Grosso to subscribe for 4,430,000 Ordinary Shares, exercisable at the Placing Price. The warrants are exercisable in whole or part for a period of 3 years from the date of grant.

15.12 ***NA Loan Agreement***

On 17 May 2019 Zaim entered into a loan facility agreement with LLC NOAH ARK 500 pursuant to which LLC NOAH ARK 500 agreed to make available to Zaim up to 30 million Russian Roubles. The interest rate on amounts drawn down under this facility is 15% per annum and it is repayable on 31 December 2019. Zaim has the right to redeem the NA Loan early without any fines and commissions. Currently only 3 million Russian Roubles have been drawn down under this facility, which is secured pursuant to the pledge agreement more particularly described at paragraph 15.13 below.

The NA Loan Agreement was supplemented by the NA Loan Extension letter dated 18 July 2019 between Zaim and Noah by which Noah has confirmed in writing to Zaim that it would extend the repayment date to 31 December 2020 on submission of such a request from Zaim.

15.13 ***Pledge Agreement***

On 18 September 2019 pursuant to a deed of adherence the Company assumed Zaim SA's obligations under a pledge agreement dated 17 May 2019 in respect of the entire issued share capital of Zaim in favour of Noah as security for the NA Loan Agreement. The entry into this agreement was a condition of the Zaim SPA. This Pledge Agreement was between EER and Noah and contains the following covenants affecting the ability of the Company (as the pledger) to exercise its shareholder's rights, including certain reporting obligations and other obligations not to dispose of the shares in Zaim:

- reporting to Noah information about Zaim's activities available to the Group as a participant of the company, that may affect the actual or market value of the pledged interest, including major transactions executed by the company, transactions with interest, signs of insolvency, other transactions that may affect the value of the pledged interest;

- not carrying out actions entailing bankruptcy or liquidation of Zaim, reduction of the nominal or actual value of the shares in Zaim, in cases where this may depend on the pledger, not make decisions on reorganization or liquidation of the company;
- not transferring to third parties the possibility of exercising the rights of a participant arising from the rights to the pledged interest and granted to it by applicable law;
- except as otherwise provided under the Pledge Agreement, without the prior written consent of Noah, not exercising other rights of Zaim's participant arising from the rights to dispose of shares in Zaim's share capital owned by the pledger, including:

  a) not to alienate or otherwise dispose of the pledged interest, not to make decisions on increase of the share capital, not to provide irrevocable offers, options, not to enter into preliminary agreements, trust management agreements, agency agreements, powers of attorney, other transactions that may entail disposal of the pledged interest or its encumbrance. The share or part of the share transferred to a new participant as a result of alienation is considered to be pledged to the pledgee;

  b) not to apply for withdrawal from Zaim; and

  c) not to enter into corporate agreements or other agreements between the company's participants and the company's creditors or third parties in accordance with article 67.2 (Corporate Agreement) of the Civil Code.

Other than described above in, the Pledge Agreement contains no other effective covenants and limitations imposed on the pledger.

The Pledge Agreement includes explicit consent for the EER to transfer the Zaim Shares to Zaim Holdings and for Zaim holdings to transfer them on to the Company.

If Zaim fails to repay its obligations in respect of the NA Loan at the maturity date Noah is able enforce the pledge and take ownership of the Zaim Shares.

15.14 *Relationship with RNKO*

On 17 November 2014 Zaim Express LLC entered into a bank account agreement with RNKO Payment Center (LLC) ("**RNKO**") for providing payment and cash services, including accepting payments under the loans from borrowers via RNKO network. On 30 July 2015, Zaim Express LLC partnered with RNKO to offer pre-paid cards to Russian citizens through its outlets. The contract is terminable by either party with 30 days prior written notice. On 21 September 2015, Zaim signed cooperation agreement with RNKO to process payments under microloan agreements on Zaim's cards from Zaim to its clients. For the three months ended 31 March 2019, total amounts processed under this cooperation agreement was 44 million Russian roubles (approximately £545,027) and for the years ended 31 December 2018 and 31 December 2017, total amounts processed under this cooperation agreement amounted to 292.8 million Russian roubles (approximately £3.6 million) and 306.3 million Russian roubles (approximately £3.8 million), respectively.

15.15 *Relationship with Qiwi Bank*

In 2013, Zaim Express LLC entered into payment services agreement with Qiwi Bank providing Zaim with the facility to receive customer cash repayments through the Qiwi network across Russia. Zaim pays a service fee in the amount of 2.5 percent of the total amount of each transaction conducted through this network to Qiwi. Zaim may terminate the agreement at any time by serving 60 days prior written notice. On 29 March 2018, Zaim Express LLC entered into information and technology services agreement with Qiwi Bank as operator of CONTACT Payment System for servicing money transfers to and from Zaim Express LLC's clients using CONTACT ("CONTACT Agreement") for indefinite period of time. According to CONTACT Agreement, Zaim Express LLC agreed to pay a fee in amount of 1 per cent. of transfer amount, but not less than 50 Russian Roubles, per each money transfer to or from client, per each bank card credit and per each Qiwi card credit. This information and technology services agreement makes it possible for Zaim to make loans in regions of Russian where Zaim does not have a physical presence. This agreement is also terminated on 60 days prior written notice.

15.16 ***EER Loan Facility Agreement***

On 14 February 2014, EER as lender entered into an unsecured credit facility agreement with Zaim Express LLC as borrower for the amount of up to 10 million Euro ("**EER Loan Facility Agreement**") to fund Zaim Express LLC's operations. Under the terms of EER Loan Facility Agreement as amended by supplement agreement dated 17 February 2014, Zaim Express LLC agreed to pay a facility fee in amount of 10 per cent. of the drawdown amount. On 1 February 2016, the maximum credit facility amount provided under the EER Loan Facility Agreement was increased up to 50 million Euros. Under the terms of the EER Loan Facility Agreement as amended by the supplement agreement dated 1 January 2018, unless otherwise specifically designated in a drawdown request, Zaim Express LLC agreed to pay an interest rate of 12.6 per cent per annum on all drawdowns made before 1 January 2018 (and 8.6 per cent. per annum on all drawdowns made after 1 January 2018) and repay each drawdown on the date specified in the drawdown request, provided that maturity date shall not be less than 60 months from the date of each drawdown.

15.17 ***EER Master Debenture Agreement***

On 1st February 2016 EER entered into a master debenture agreement with Zaim pursuant to which EER subscribed for up to fifty million Euro (EUR 50,000,000) of promissory notes issued by Zaim. On 1st January 2018 a supplementary agreement was entered into extending the time for repayment from draw down from 36 to 60 months and reducing the interest rate from 12.6 % to 8.7% and a further minor amendment was made on 10 May 2018 via a supplementary agreement. On 29 December 2018 Zaim and EER entered into an Agreement for Contribution of Assets into Equity Reserves pursuant to which principal amounts due under the EER Master Debenture Agreement were contributed to the equity reserves of Zaim. On 14 February 2019 Zaim and EER entered into a further Contribution Agreement under which EER agreed to contribute Euro 7,944,684.47 to the equity capital of Zaim. There are currently no drawn down amounts under this facility. On 29 December 2018 EER subscribed to a note issued by Zaim under the Master Debenture Agreement in the amount of one million one hundred thousand Euro (EUR 1,100,000).

On 6 June 2019 EER entered an agreement to assign the benefit of the Master Debenture Agreement from EER to Zaim SA conditional on the payment of cash downpayment. On 24 July 2019 the cash downpayment was received and the benefit of the Master Debenture Agreement was assigned to Zaim SA. On 20 August 2019 Zaim and EER entered into an agreement to fully reinstate the Master Debenture Agreement which confirmed the annual interest rate of 8.7% and the repayment date of 20 August 2021. At this time approximately €1.2m was due from Zaim under this agreement. The maturity date of the principal amount for all valid drawdowns made before 1 January 2018 was extended to 4 November 2019.

15.18 ***Trademark Licencing Agreement***

Zaim entered into an agreement dated 30 August 2019 for the purchase of the trademark for the logo that Zaim uses on its website (the "**ZE Trademark**") which is currently used under licence. Pursuant to the agreement, Zaim shall be able to acquire the ZE Trademark, subject to payment of US$70,000 in cash within a period of two years from and including the date of the agreement.

15.19 ***Commission Agreement***

The Company entered into a commission agreement with MPM Partners dated 23 August 2019 to which it was agreed that MPM Partners would be entitled to receive a commission of 4 per cent. in respect of sums subscribed for as part of the Subscription. In connection with the Subscription, MPM Partners is entitled to the payment of £20,000 in satisfaction of its commission. The commission is required to be paid in cash by the Company within 5 business days from Admission.

15.20 ***Financial Adviser Agreement***

On 29 October 2019 the Company entered into a Financial Adviser Agreement with Beaumont Cornish pursuant to which Beaumont Cornish agreed to act as Financial Adviser to the Company from Admission for an annual retainer of £20,000 plus VAT. The agreement is subject to a 12 month minimum term and is terminable by either party thereafter on 30 calendar days notice.

16. Related party transactions

From 15 June 2018 (being the Company's date of incorporation) up to and including the date of this Document, the Company has not entered into any related party transactions other than the Directors' Service Agreement and Letters of Appointment referred to in paragraph 7 above.

17. Accounts and annual general meetings

17.1 At the first annual general meeting of the Company held on 22 July 2019, the Company shortened its accounting reference date to 31 December and the Company's first annual accounts were made up to 31 December 2019.

17.2 The Company's annual report and accounts will be made up to 31 December in each year. The Company will prepare its first unaudited interim report for the period from 1 January 2019 to 30 June 2019 and it is expected the Company will publish these interim results by no later than 30 September 2019. The Company will make public its annual report and accounts with the first annual report and accounts following Admission covering the period from 1 January 2019 to 31 December 2019. It is expected that the Company will make public its annual report and accounts within four months of each financial year end (or earlier if possible) and that copies of the annual report and accounts will be sent to Shareholders within six months of each financial year end (or earlier if possible). The Company will prepare its unaudited interim report for each six month period ending 30 June thereafter.

17.3 It is expected that the Company will make public its unaudited interim reports within three months of the end of each interim period.

17.4 The Company shall hold its next annual general meeting within six months of the end of its next accounting period, being 31 December 2019. Further details on annual general meetings are contained in paragraph 5.2 above.

18. Issues of new shares

18.1 The Directors are authorised to issue (1) up to a nominal amount of £3,200,000 in respect of the Zaim Acquisition (being, 320,000,000 Ordinary Shares); (2) up to a nominal amount of £320,000 in respect of the Deferred Consideration Shares (being 32,000,000 Ordinary Shares); (3) up to a nominal amount of £1,040,000 in respect of Fundraise (being, 104,000,000 Ordinary Shares); (4) up to a nominal amount of £69,950.00 in respect of Fee Shares issued in connection with the Admission; (5) up to a nominal amount of £107,500.00 in respect of Options to be granted to Directors, employees and consultants (being, 10,750,000 Ordinary Shares); (6) up to a nominal amount of £52,000.00 in respect of broker warrants in connection with the Conditional Fundraise (being, 5,200,000 Ordinary Shares); and (7) a general authority provided to the Directors up to an aggregate amount of £1,454,835.00 (being 145,483,500 Ordinary Shares). The pre-emption rights in the Articles have been dis-applied, and therefore pre-emption rights do not apply, to issues of relevant securities in the circumstances described in paragraph 4.4 above.

18.2 Otherwise, subject to certain other 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. See paragraph 5.2 above for further details.

19. General

19.1 The Company's current auditor is Shipleys LLP, 10 Orange Street, Haymarket, London WC2H 7DQ but expects to appoint BDO LLP whose address is 55 Baker Street London W1U 7EU. BDO LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. For the two years ended 31 December 2016 and 31 December 2017 JSC "KPMG" were responsible for the non-statutory audits of Zaim's Financial Statements. In respect of the year ended 31 December 2018 BDO Unicorn AO carried out a non-statutory audit of Zaim's Financial Statements.

19.2 BDO LLP has given and has not withdrawn its consent to the inclusion in this document of:

a) its accountant's report on the Company in Part X (A);

b) its accountant's report on Zaim-Express LLC; and

c) its accountant's report on the Financial Information in Part X (E),

in the form and context in which they are included and has authorised the contents of these reports for the purposes of item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980.

FinExpertiza LLC are the statutory auditors of Zaim under Russian GAAP for the financial years ended 31 December 2016 to 31 December 2018.

19.3 The Group has the following employees as at 31 December 2018:

Head Office	*Call-Centre*	*Sales offices*	*Total*
47	29	310	386

19.4 The total expenses incurred (or to be incurred) by the Company in connection with the Placing and Admission are approximately £500,000. The estimated Net Proceeds, after deducting fees and expenses in connection with the Fundraise and Admission, are approximately £2,100,000.

20. Conflicts of interest

20.1 Potential areas for conflicts of interest in relation to the Company include:

a) Siro Cicconi is a director and the ultimate beneficial owner of Zaim S.A which will own 73.23% of the Ordinary Shares held immediately following Admission. This may give rise to a potential for a conflict of interest as Siro Cicconi through a life interest in the Excelsior Trust holds the beneficial interest in Zaim SA and this could inhibit the Group from operating independently. Siro Cicconi as well as Zaim S.A have entered into a relationship agreement which is intended to limit this conflict of interest as outlined at paragraph 15.2 of Part XIV "Additional Information".

b) Simon Retter is a director on the board of Vertu Capital Ltd a special purpose acquisition company, which obtained a Standard Listing on 19 January 2015. Vertu Capital Limited was established as a special purpose acquisition company, initially focusing on the financial services sector, but which may consider acquisition opportunities in other sectors. This may give rise to the potential for a conflict of interest if the Group seeks to acquire other financial services businesses. Simon Retter has confirmed in writing that he has agreed with Vertu that any acquisition opportunities in the financial services sector that relate to Micro Finance or technology solutions for micro finances businesses can be referred to the Company. If the Company declines a particular acquisition opportunity it may then be offered to Vertu Capital Ltd.

21. Availability of this Document

21.1 Following Admission, copies of this Document may be collected, free of charge during normal business hours, from the registered office of the Company.

21.2 In addition, this Document will be published in electronic form and be available on the Company's website at www.zaimcreditsystemsplc.com, subject to certain access restrictions applicable to persons located or resident outside the United Kingdom.

22. Documents for inspection

Copies of the following documents may be inspected at the registered office of the Company, during usual business hours on any day (except Saturdays, Sundays and public holidays) from the date of this Document until the Fundraise closes:

(i) the Memorandum and Articles of Association of the Company;

(ii) the accountant's report and related historical information on the Company contained in "Part X – Historical Financial Information" of this Document; and

(iii) this Document.

Dated: 30 October 2019

PART XV

NOTICES TO INVESTORS

The distribution of this Document and the Placing may be restricted by law in certain jurisdictions and therefore persons into whose possession this Document comes should inform themselves about and observe any restrictions, including those set out below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Ordinary Shares, or possession or distribution of this Document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Document does not constitute an offer to subscribe for any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This Document has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdiction. Issue or circulation of this Document may be prohibited in countries other than those in relation to which notices are given below.

For the attention of all Investors

The Ordinary Shares are only suitable for acquisition by a person who: (a) has a significantly substantial asset base such that would enable the person to sustain any loss that might be incurred as a result of acquiring the Ordinary Shares; and (b) is sufficiently financially sophisticated to be reasonably expected to know the risks involved in acquiring the Ordinary Shares.

For the attention of European Economic Area Investors

In relation to each member state of the European Economic Area, an offer to the public of the Ordinary Shares may only be made once the prospectus has been passported in such Relevant Member State in accordance with the Prospectus Regulation Rules. For the other Relevant Member States an offer to the public in that Relevant Member State of any Ordinary Shares may only be made at any time under the following exemptions under the Prospectus Regulation Rules:

(a) solely to qualified investors as defined under the Prospectus Regulation Rules;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation Rules) in such Relevant Member State subject to obtaining prior consent of the Company for any such offer; or

(c) in any other circumstances described in Rule 1.2.3 of the Prospectus Regulation Rules of the Prospectus Regulation Rules, provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Rule 1.2.1 of the Prospectus Regulation Rules.

For the purposes of this provision, the expression an "offer to the public" in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares and the expression "Prospectus" means Regulation (EU) 2017/1129 (and any amendments, thereto, and includes any relevant implementing measure such as Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any member state of the EEA in which such offer or invitation would be unlawful.

The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions.

For the attention of U.K. Investors

This Document has been approved by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129. The FCA only approves this Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are subject of this Document. Investors should make their own assessment as to the suitability of investing in the securities. This Document has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

This Document is being distributed only to and is directed at persons who (if they are in the EEA) will fall within one of the categories of persons set out above in the "Part XV – Notices to Investors". In addition, this Document is being distributed only to and is directed at persons in the United Kingdom who are: (i) persons having professional experience in matters relating to investments falling within the definition of "investment professionals" in Article 19(5) of the Financial Promotions Order; or (ii) persons who are high net worth bodies corporate, unincorporated associations and partnerships and the trustees of high value trusts, as described in Article 49(2)(a)-(d) of the Financial Promotions Order; or (iii) persons to whom it may otherwise be lawful to distribute (all such persons together being referred to as "relevant persons").

PART XVI

DEFINITIONS

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

“€” or **“EUR”** or **“Euro”**	Euro, the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
“£” or **“pound(s) sterling”**	UK Pound Sterling the lawful currency of the United Kingdom;
“R”, “RUB” or **“Russian Roubles”**	Russian Rouble, the lawful currency of the Russian Federation, the two partially recognised republics of Abkhazia and South Ossetia and the two unrecognised republics of Donetsk and Luhansk;
“$” or **“USD”** or **“US dollar(s)”**	US Dollar, the lawful currency of the United States;
“Admission”	means admission of the Ordinary Shares to the standard segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange;
“Agana Founders”	means (i) Veandercross (UK) Limited; (ii) Cape Light Investments Limited; (iii) Stonedale Management and Investments Limited; (iv) Simon Retter; and (v) Flowcomms Limited;
“AntiMoney Laundering Law”	Federal Law No. 115-FZ “On counteraction of legalization (aludering) of illegal proceeds and terrorism financing dated 7 August 2001, as amended;
“Articles of Association” or **“Articles”**	means the articles of association of the Company in force from time to time;
“Beaumont Cornish” or **“Financial Adviser”**	means Beaumont Cornish Limited, a member of the London Stock Exchange and authorised and regulated in the conduct of investment business by the FCA;
“Board” or **“Board of Directors”**	means the directors and the proposed directors of the Company, whose names appear in “Part VII – The Company and its Board”, or the board of directors from time to time of the Company, as the context requires, and “Director” is to be construed accordingly;
“Business Day”	means a day (other than a Saturday or a Sunday) on which banks are open for business in London;
“CBR”	means the Central Bank of Russia;
“certificated” or **“in certificated form”**	means in relation to a share, warrant or other security, a share, warrant or other security, title to which is recorded in the relevant register of the share, warrant or other security concerned as being held in certificated form (that is, not in CREST);
“Companies Act”	means the Companies Act 2006 of the United Kingdom, as amended;
“Company” or **“Zaim Credit”**	means Zaim Credit Systems Plc, a company incorporated in England and Wales under the Companies Act on 15 June 2018 with number 1148575;

"Consideration Shares"	means Deferred Consideration Shares and the Initial Consideration Shares;
"CREST" or **"CREST System"**	means the paperless settlement system operated by Euroclear enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments;
"CREST Regulations"	means The Uncertified Securities Regulations 2001 (SI 2001 No. 3755), as amended;
"DBR"	means Debt Burden Ratio;
"Deferred Consideration Shares"	means the 32,000,000 new Ordinary Shares that may be issued to Zaim SA or a person nominated by Zaim SA pursuant to the Zaim SPA;
"Default"	means within the guidelines of the Company any borrower who has not repaid their loan within 120 days of the maturity date;
"Default Rate"	means the average rate of Default in the loan book of the Company from time to time;
"Delinquencies"	means within the guidelines of the Company any borrower who is late in the repayment of their loan;
"Disclosure Guidance and Transparency Rules" or **"DTRs"**	means the Disclosure Guidance and Transparency Rules of the UK Listing Authority made in accordance with section 73A of FSMA as amended from time to time;
"Document"	this document;
"EBITDA"	means earnings before interest tax depreciation and amortisation;
"EEA"	means the European Economic Area;
"EEA States"	means the member states of the European Union and the European Economic Area, each an "EEA State";
"EER"	means Eastern Europe Resources S.A. a company registered in Luxembourg with identification number B182915;
"EER Loan Facility Agreement"	means the facility agreement dated 14 February 2014, pursuant to which EER granted Zaim an unsecured credit facility of up to 10 million Euro which on 23 September 2014 was increased up to 50 million Euros more particulars of which are contained in paragraph 15.15 of Part XIV of this Document;
"EER Master Debenture Agreement"	means the master debenture agreement dated 1 February 2016 (as amended) between Zaim and Zaim SA of up to fifty million Euro more particulars of which are contained in paragraph 15.17 of Part XIV of this Document
"Enlarged Share Capital"	the 436,975,000 issued Ordinary Shares upon Admission, comprising the Existing Shares, the Placing Shares, the Subscription Shares and the Fee Shares;
"Equifax"	means Equifax Credit Services LLC;
"EU"	means the Member States of the European Union;
"Euroclear"	means Euroclear UK & Ireland Limited;

“Existing Shares”	the 326,000,000 Ordinary Shares immediately in issue prior to Admission;
“Excelsior Foundation”	means the trust established in Lichtenstein on 19/07/2019 in which Siro Cicconi has a life interest;
“FCA”	means the UK Financial Conduct Authority;
“Fee Shares”	means a total of 6,975,000 Ordinary Shares to be issued to Stonedale and Bosphorus IPO Capital Limited at Admission;
“Founder Shareholder Parties”	Siro Cicconi and Zaim SA;
“FSMA”	means the Financial Services and Markets Act 2000 of the UK, as amended;
“Fundraise” or **“Fundraising”**	together the Placing and Subscription
“Fundraise Price”	means 2.5 pence per Ordinary Share;
“Fundraise Proceeds”	means, £2,600,000 being the gross proceeds received on closing of the Fundraise;
“Fundraise Shares”	means the Ordinary Shares to be issued and allotted pursuant to the Fundraise;
“general meeting”	means a meeting of the Shareholders of the Company or a class of Shareholders of the Company (as the context requires);
“Group” or **“Enlarged Group”**	means the Company and its wholly owned subsidiary Zaim;
“IFRS”	means International Financial Reporting Standards as adopted by the European Union;
“Independent Non-Executive Director”	means the non-executive directors of the Board from time to time considered by the Board to be independent for the purposes of the UK Corporate Governance Code, being Malcolm Groat and Paul Auger, as at the date of this Document;
“Initial Consideration Shares”	means 320,000,000 Ordinary Shares issued to Zaim SA on 18 September 2019 pursuant to the Zaim SPA;
“Investor(s)”	means a person who confirms his agreement to the Company to subscribe for New Ordinary Shares under the Placing or the Subscription;
“Key Managers”	means Vladimir Golovko, Andrey Katyshkov, Vildan Vegerio and Alexander Akhmetov;
“Listing Rules”	means the listing rules made by the UK Listing Authority under section 73A of FSMA as amended from time to time;
“London Stock Exchange” or **“LSE”**	means London Stock Exchange Plc;
“MAR”	means the Market Abuse Regulation (EU) No. 596 (2014) of the European Parliament and of the Council;
“Main Market”	the LSE’s main market for listed securities;
“MCC”	means a microcredit company;
“Microfinance Law”	Federal Law No. 151-FZ of July 2, 2010 on Microfinance Activity and Microfinance Organizations, effective January 2011;
“MFC”	means a microfinance company;

“MFI”	means a microfinance institution;
“Moscow Industrial Bank”	means PJSC Moscow Industrial Bank;
“Noah”	means LLC Noah Ark 500 a company registered in Russia with primary state registration number 5187746012779;
“NA Loan”	means the loan agreement dated 17 May 2019 between Zaim and LLC NOAH ARK 500 pursuant to which a short term loan of 30,000,000.00 Russian Roubles was advanced to Zaim more particulars of which are contained in paragraph 15.11 of Part XIV of this Document;
“Net Proceeds”	means the funds received in relation to the Fundraise less Transaction Costs;
“New Ordinary Shares”	means the Ordinary Shares to be issued and allotted on Admission including the Fundraise Shares;
“Official List”	means the official list maintained by the FCA;
“Optiva” or **“Placing Agent”**	means Optiva Securities Limited, a member of the London Stock Exchange and authorised and regulated in the conduct of investment business by the FCA;
“Options”	means the 32,250,000 of options over Ordinary Shares granted by the Company, as described in paragraph 8 of Part XIV of this Document;
“Ordinary Shares”	means the ordinary shares of £0.01 each in the capital of the Company including, if the context requires, the New Ordinary Shares;
“Placee(s)”	means a person who confirms his agreement to Optiva to subscribe for New Ordinary Shares under the Placing;
“Placing”	means the proposed placing of 53,200,000 New Ordinary Shares on behalf of the Company at the Fundraise Price and on the terms and subject to the conditions set out in this Document;
“Placing Letters”	the letters from Optiva (as placing agent on behalf of the Company) to Placees inviting irrevocable conditional applications for subscription for Placing Shares;
“Placing Long Stop Date”	means 31 December 2019;
“Placing Price” or **“Fundraise Price”**	means £0.025 per new Ordinary Share;
“Placing Proceeds”	means £1,330,000, being the gross funds received on closing of the Placing;
“Placing Shares”	means the Ordinary Shares to be issued and allotted pursuant to the Placing;
“Premium Listing”	means a premium listing under Chapter 6 of the Listing Rules;
“Proposed Directors”	Malcolm Groat and Paul Auger;
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA under Part VI of FSMA as amended from time to time;
“Prospectus Rules”	means the prospectus rules of the UK Listing Authority made in accordance with section 73A of FSMA, as amended from time to time;

"QCA"	the Quoted Companies Alliance;
"QCA Code"	the QCA Corporate Governance Code (2018) published by the QCA;
"QIWI"	QIWI plc including its banking subsidiary, Qiwi Bank JSC;
"Registrars"	Neville Registrars Limited or any other registrar appointed by the Company from time to time;
"Registry"	the Registry of Microfinance Institutions;
"Relationship Agreement"	means the relationship agreement between Siro Cicconi, Zaim SA and the Company, as more particularly described in paragraph 15.2 of Part XIV of this Document;
"Resolution of Directors"	has the meaning specified in the Articles;
"Resolution of Members"	has the meaning specified in the Articles;
"RTO" or **"Reverse Takeover"**	means a transaction defined as a reverse takeover under Listing Rule 5.6;
"Russian Federation" or **"Russia"**	the Russian Federation;
"SEC"	means the U.S. Securities and Exchange Commission;
"Securities Act"	means the U.S. Securities Act of 1933, as amended;
"Shareholders"	means the holders of the Ordinary Shares and/or New Ordinary Shares, as the context requires;
"Siro Parties"	means Siro Cicconi, Zaim SA and all parties connected to Siro Cicconi;
"Special Resolution of Members"	has the meaning specified in the Articles;
"Standard Listing"	means a standard listing under Chapter 14 of the Listing Rules;
"Stonedale"	means Stonedale Management and Investments Ltd a company incorporated in England and Wales under the Companies Act 2006 on 15 January 2016 with number 09954401;
"Subscriber"	means a person who confirms his agreement to the Company to subscribe for Ordinary Shares under the Subscription;
"Subscription"	the subscription by the Company to raise £1,270,000 with investors through the issue of 50,800,000 Ordinary Shares;
"Subscription Letters"	the letters between the Company and Investors relating to the Subscription;
"Subscription Long Stop Date"	means 30 November 2019;
"Takeover Code"	means the City Code on Takeovers and Mergers;
"Takeover Panel"	the Panel on Takeovers and Mergers;
"Trading Day"	means a day on which the Main Market of the London Stock Exchange (or such other applicable securities exchange or quotation system on which the Ordinary Shares are listed) is open for business (other than a day on which the Main Market of the London Stock Exchange (or such other applicable securities exchange or quotation system) is scheduled to or does close prior to its regular weekday closing time);

"Transaction Costs"	approximately £500,000, being the costs incurred by the Company as a result of the Fundraise and the Admission, which are exclusive of VAT;
"UK Corporate Governance Code"	means the UK Corporate Governance Code issued by the Financial Reporting Council in the U.K. from time to time;
"UK Listing Authority"	means the FCA in its capacity as the competent authority for listing in the U.K. pursuant to Part VI of FSMA;
"UIAS"	means the Russian Unified Identification and Authentication System;
"uncertificated" or **"uncertificated form"**	means, in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST;
"United Kingdom" or **"U.K."**	means the United Kingdom of Great Britain and Northern Ireland;
"United States" or **"U.S."**	means the United States of America;
"VAT"	means (i) within the EU, any tax imposed by any Member State in conformity with the Directive of the Council of the European Union on the common system of value added tax (2006/112/EC), and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
"Working Capital Period"	means the 12 month period from the date of this Document;
"Zaim", "Zaim Express LLC"	means Zaim-Express, LLC, a company incorporated in Russia with company number 7703739359 and having its registered office at Bolashoy, Trexghorny, Pereulok, 126 Moscow;
"Zaim Acquisition"	shall mean the acquisition by the Company of the Zaim Shares from Zaim SA for the Consideration Shares, as described in paragraph 7 of Part VII of this Document;
"Zaim Business"	means the business of Zaim being lending in the non-standard consumer loans market;
"Zaim Consideration Shares"	means Initial Consideration Shares and the Deferred Consideration Shares;
"Zaim SA"	means Zaim Holdings SA a company registered in Luxembourg with identification number B234182;
"Zaim Shares"	means 144,315,291 shares being the entire issued share capital of Zaim;
"Zaim SPA"	means the agreement between the Company and the shareholder of Zaim, Zaim SA, entered into on 10 September 2019, as described in paragraph 15.1 of Part XIV of this Document.

References to a "company" in this Document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.