

MODE

9 September 2020

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Mode Global Holdings PLC

Announcement of Intention to Float on the London Stock Exchange

Mode, the UK-based Fintech Group, is today announcing its intention to undertake an Initial Public Offering (the "**IPO**" or the "**Offer**") and the expected publication by Mode of its Prospectus, which has been submitted for approval to the FCA. The Group is applying to be admitted to the standard listing segment of the Official List of the FCA and to trading on the main market of the London Stock Exchange plc ("**LSE**") ("**Admission**"). Admission will be subject to the requisite regulatory approvals being obtained.

Confirmation of Offer Details

- The Offer will comprise new ordinary shares (the “**Shares**”) to be issued by the Company (expected to raise £7.5million of gross proceeds).
- The final offer price in respect of the Offer (the “**Offer Price**”) is expected to be £0.50.
- The directors of Mode (the “**Directors**”) believe that the Offer and Admission will position the Company for the next stage of its strategic development, by further raising its profile and providing an appropriate capital structure for future growth, including the funding of existing and new lines of activity relating to digital banking and associated services.
- The net proceeds from the issue of the Shares will be used to cover technology costs to develop the intellectual property of the platforms and marketing costs to build awareness amongst businesses and consumers, placing fees (including brokerage and placement agent fees), corporate and legal fees, licence costs to cover our European roll-out, regulatory capital for the E-Money Institution (EMI) licence and other working capital.

Mode

Mode is a UK-based Fintech Group, building a modern financial services business to support an increasingly digitised economy and financial system, combining the best of banking, payments, investment, loyalty and digital assets. Our business today comprises:

- Mode app - a groundbreaking digital banking app that allows users to manage their traditional and digital assets all in one place.
- Bitcoin Jar - one of the highest-yielding and most flexible interest-generating accounts for Bitcoin in the market (accessible through the Mode app).
- Business payments (WeChat and Alipay) - payment processing services for UK and European businesses to tap into the Chinese market. Mode has secured key partnerships with Tencent (WeChat) and Alipay.
- Business marketing services (WeChat) - marketing and social media services for UK and European businesses on one of China’s most popular apps.

After Admission, Mode will seek to:

- Launch a novel payments solution powered by Open Banking that eliminates the need for cards. The new solution will aim to facilitate direct and seamless transactions in traditional and digital currency between businesses and Mode users. Mode’s payment solution will not rely on the card schemes and as such will not be subject to any of their fees and/or restrictions. Furthermore, Mode’s ecosystem-centric business model will seek to build a stronger consumer – business relationship, which the Directors believe will enable Mode to operate a significantly more diversified revenue model than the challenger banks, including both ‘regular’ Fintech revenue streams in addition to a range of more stable and high value revenue sources.

- Develop a loyalty and rewards engine that builds on banking, financial and payment-related insights, allowing businesses to run targeted loyalty campaigns to engage with new and existing consumers.
- Integrate the new payment and loyalty capabilities into the Mode app and relaunch as a next-generation super app with unique banking, payment, investment, loyalty and digital asset features, all in one.
- Continue to expand Mode's business client base using global payment and marketing services, connecting more UK and European businesses with a growing consumer base from China and beyond.

Jonathan Rowland, Mode Founder and Executive Chairman, said:

“Our announcement today demonstrates our ambition as well as confidence in our ability to leverage technology and talent to accelerate the digitalisation of finance. Mode's mission is to eliminate the fragmentation and friction that plague today's banking, payment, investment and loyalty industries. We are seeing an accelerated transition to online and mobile payments in the new post-COVID era, and Mode plans to leverage this by offering superior financial services for consumers and businesses alike. Mode is set to become one of the first financial services companies on the LSE Main Market with a consumer focused-digital offering. This is a major milestone for Mode, and a vital step in bringing credibility and transparency to both the Fintech and digital asset industries.”

Business and Financial highlights

Mode can confirm the following intended offer structure for the proposed IPO:

- It is intended that the Shares will be admitted to the standard listing segment of the Official List of the FCA and to trading on the main market for listed securities of the LSE.
- The Offer would comprise new ordinary shares to be issued by the Company (expected to raise approximately £7.5m of gross proceeds).
- Targeted offering to institutional investors in the UK and elsewhere outside the United States in reliance on Regulation S of the Securities Act and in the United States to "qualified institutional buyers" within the meaning and pursuant to Rule 144A of the Securities Act.
- The net proceeds from the issue of the Shares will be used to cover technology costs to develop the intellectual property of the platforms and marketing costs to build awareness amongst businesses and consumers, placing fees (including brokerage and placement agent fees), corporate and legal fees, licence costs to cover our European roll-out, regulatory capital for the E-Money Institution (EMI) licence and other working capital.
- The Company is targeting a free float of at least 25% of the Company's issued share capital immediately following Admission.

- Each of the Company and its existing major (+10%) shareholders will agree to customary lock-up arrangements in respect of their Shares for a period of time following Admission.
- The Company's existing shareholders include Jonathan Rowland (31.78%), Ruskin Capital Ltd (17.60%), David 'Tiger' Williams & Caroline Williams (5.91%) and Bonderman Family LP (4.59%). Other existing investors include the co-founder of Twitter, Biz Stone.

Alfred Henry Corporate Finance Limited is acting as financial advisor, Locke Lord (UK) LLP as solicitors and Peterhouse Capital Limited as corporate broker to the Company in relation to the Admission.

Expected Timetable

Publication of the Prospectus	Early October 2020
Admission of and dealings in Shares to commence	Early October 2020

Investment highlights

The Directors believe Mode is well placed to continue to build the next-generation banking ecosystem, leveraging the rapid digitisation that exists today.

Well-positioned to address industry fragmentation and friction

The Directors see the banking, payment and loyalty industries as being characterised by fragmentation and legacy infrastructure, which results in pain points for consumers and businesses alike when they seek to use such services. The Directors' believe that the future of banking will comprise platforms that integrate both banking and commerce, with a view to improving the customer experience and reducing friction in the customer journey.

By combining banking, payment and loyalty into one, Mode will seek to address fragmentation and legacy infrastructure in the consumer – business relationship cycle, which results in increased cost and inefficiencies for consumers and businesses.

Experienced leadership team

Mode's team has over 200 years of real world operational experience, across 30 years of changing market conditions, delivering successful financial services and technology based businesses in the UK, Europe and the World. Mode was founded by financial services entrepreneur Jonathan Rowland, Co-founder and Director of UK challenger bank Redwood Bank. Rita Liu is Director and CCO of Mode, with 10 years of experience at Alipay, including in the role of CEO of Alipay (UK) Limited.

Robust regulatory oversight and controls

Mode has received a “minded to approve” confirmation to become an FCA licenced Electronic Money Institution (EMI), operating under the FCA’s regulatory oversight, requiring robust system and controls, in particular with regard to the protection of clients’ assets. Mode will seek to leverage the fast-evolving regulatory landscape taking advantage of Open Banking initiatives and utilising the opportunities presented by the Payment Service Directive 2 (PSD2).

Mode is in the process of obtaining the appropriate regulatory licences to be a fully regulated financial services business in the UK. Mode is also set to become one of the first publicly listed financial services company on the London Stock Exchange’s Main Market with a consumer focused digital asset offering. As an entirely UK based business, all Group companies are registered in the UK and are resident in the UK for tax purposes.

Potential for diverse and stable revenue streams

Whilst Fintech valuations are rising, the Directors believe monetisation remains a key issue and the two key reasons for this are the lack of diversification and heavy reliance on card transaction (interchange) fees. This impacts the potential for profit generation. Mode’s ecosystem-centric business model will seek to operate a diversified revenue model which does not rely on intermediaries such as card schemes and has the potential to bring income from a wide range of stable and high value revenue sources including payment transactions, digital asset trading, retail lending, retail digital asset lending, business lending, and loyalty and marketing strategies.

Strategy

Mode’s strategy will focus on the following areas:

Eliminate friction and fragmentation in the business – consumer relationship

Platforms such as WeChat Pay and Alipay in China have proved that consumers are hungry for integrated banking, commerce and loyalty platforms. After its listing, Mode will seek to expand its current services and launch a comprehensive digital solution powered by Open Banking that directly connects consumers and businesses - the Mode Super App. Mode’s solution will seek to enable consumers to manage both their traditional and digital currencies and access an exclusive network of businesses ready to engage with them by offering value and personalised offers.

For businesses, Mode will offer the opportunity to break-free from high transaction fees from card payments, receive direct account-to-account payments from consumers and target them based on financial and purchase data.

Take advantage of the untapped potential of digital assets

Financial services providers today often claim to be digital, yet in the Directors’ opinion, they tend to neglect one of the most exciting emerging parts of the modern financial world – digital assets. Digital assets are rapidly growing in popularity as an investment

and as a payment method. The Group intends to offer a full suite of digital asset services and is expecting to be granted an E-Money License (EMI) from the FCA soon.

Over the past 12 months, Mode has developed an app sharing many features commonly seen on banking apps, but which also enable customers to manage traditional and digital assets all in one place. Users are able to benefit from the best of breed security, custody, banking and Know Your Customer (KYC) through the app.

In April 2020, Mode launched the Bitcoin Jar, in partnership with digital asset lending provider, Celsius Network, allowing users to earn interest on their Bitcoin through one of the highest-yielding and most flexible products on the market. The interest is accrued daily and compounded weekly with no lock-in period.

The Mode app aims to allow users to pay at stores through an Open Banking powered payment method, unlocking the value of traditional and digital currency alike. This will allow people to unlock the value of digital assets.

The potential of the Chinese market

China presents an immense business opportunity for Western businesses, yet those who see the opportunity and want to tap into the market through payments and marketing are forced to set up separate and fragmented partnerships in order to do so.

Through strong existing partnerships with WeChat Pay and Alipay, Mode seeks to connect Western businesses to Chinese consumers via both their preferred payment methods and social media channels – which are used by approximately 1 billion Chinese shoppers, both in the UK and remotely from China.

Through the future integrated platform, Mode's goal is to offer businesses the ability to engage seamlessly with UK customers through the latest payment technology such as Open Banking, and at the same time reach key global markets such as China, through one single and frictionless partnership.

**** ENDS ****

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This announcement is addressed in any member state of the European Economic Area which applies Directive 2003/71/EC (such Directive, together with any amendments thereto including Directive 2010/73/EU, the "Prospectus Directive") only to those persons who are qualified investors for the purposes of the Prospectus Directive in such member state, and such other persons as these materials may be addressed to on legal grounds, and no person that is not a relevant person or qualified investor may act or rely on this announcement or any of its contents.

The final Offer Price and the number of Shares to be sold in the Offer will be determined following a book-building process, and is currently expected to be announced in early October 2020. A number of factors will be considered in determining the final Offer Price and the number of Shares to be sold in the Offer, including the level and nature of demand for the Shares during the book-building process, the prevailing market conditions and the objective of establishing an orderly and liquid after-market in the Shares. Any purchase of Shares in respect of the proposed Offer should be made solely on the basis of the information contained in the Prospectus when published and in any prospectus supplements to be issued by the Company in connection with the Offer. The date of Admission may be influenced by things such as market conditions. There is no guarantee that Admission will occur and you should not base your financial decisions on the Company's intentions in relation

to Admission at this stage. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all of the amount invested. Persons considering making such investments should consult an authorised person specialising in advising on such investments. This announcement does not constitute a recommendation concerning the Offer. The value of Shares can decrease as well as increase. Potential investors should consult a professional advisor as to the suitability of the Offer for the person concerned.

Each of Peterhouse Capital Limited and Alfred Henry Corporate Finance is authorised and regulated in the United Kingdom by the FCA. Each of them is acting exclusively for the Company and no one else in connection with the matters referred to in this announcement, and will not regard any other person as their respective clients in relation to the matters referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in relation to the matters referred to in this announcement, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

This announcement includes certain forward-looking statements, forecasts, estimates, projections and opinions ("**Forward-looking Statements**"). When used in this announcement, the words "anticipate", "believe", "estimate", "forecast", "expect", "intend", "plan", "project", "may", "will" or "should" or, in each case, their negative or other variations or similar expressions, as they relate to the Company, its management or third parties, identify Forward-looking Statements. Forward-looking Statements include statements regarding the Company's business strategy, objectives, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of the Directors, (including based on their expectations arising from pursuit of the Group's strategy) as well as assumptions made by the Directors and information currently available to the Company.

Although the Directors consider that these beliefs and assumptions are reasonable, by their nature, Forward-looking Statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. These factors, risks, uncertainties and assumptions could cause actual outcomes and results to be materially different from those projected. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. No representation is made or will be made that any Forward-looking Statements will be achieved or will prove to be correct. These factors, risks, assumptions and uncertainties expressly qualify all subsequent oral and written Forward-looking Statements attributable to the Company or persons acting on its behalf.

The Company expressly disclaims any obligation or undertaking to update, review or revise any Forward-looking Statement and disclaims any obligation to update its view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the Forward-looking Statements made in this announcement, except as required by law.

In addition, this announcement contains information concerning the Company's industry and its market and the Fintech and digital banking sector generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the industry, and the Fintech market and digital banking sector, will develop. These assumptions are based on information currently available to the Company. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While the Company does not know what effect any such differences may have on the Group's business, if there are such differences, they could have a material adverse effect on the Company's future results of operations and financial condition.

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