REPORT OF INDEPENDENT
AUDITORS AND
FINANCIAL STATEMENTS

GAIN Credit LLC

December 31, 2020 and 2019

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Grant Thornton

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
GAIN Credit LLC

We have audited the accompanying financial statements of GAIN Credit LLC which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and comprehensive loss, member's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GAIN Credit LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Newport Beach, California
May 13, 2021

Gain Credit LLC
Balance sheets

	December 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents	£ 22,105,108	£ 17,530,849
Restricted cash	1,754,542	3,578,624
Loans receivable, net of allowance for loan losses of £2,930,536 and £8,681,973 for 2020 and 2019, respectively	27,158,811	47,079,151
Interest and fees receivable, net of reserves of £762,913 and £2,516,746 for 2020 and 2019, respectively	1,231,706	2,491,650
Prepaid expenses and other assets	1,401,113	3,177,910
Total current assets	53,651,280	73,858,184
Property and Equipment, net of accumulated depreciation	2,451	1,633
Other Assets	297,009	296,895
Total assets	£ 53,950,740	£ 74,156,712
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	£ 451,764	£ 2,163,612
Accrued liabilities	16,995,801	11,938,170
Affiliates payable (Note 6)	23,617,770	18,945,033
Note payable, net	-	25,158,918
Total current liabilities	41,065,335	58,205,733
Affiliates Notes Payable (Note 6)	26,600,877	26,600,877
Total liabilities	67,666,212	84,806,610
Commitments and Contingencies (Note 4)		
Member's Equity (Deficit)		
Membership equity, 1 unit	1,033,298	1,033,298
Accumulated deficit	(14,748,770)	(11,683,196)
Total member's equity (deficit)	(13,715,472)	(10,649,898)
Total liabilities and member's equity (deficit)	£ 53,950,740	£ 74,156,712

Chris deBoer

C. deBoer
Director

	Years Ended December 31, 2020	2019
REVENUES		
Consumer lending revenue	£ 54,797,419	£ 90,245,813
Recovery of defaulted loans	1,069,077	983,930
Other revenue	2,676,668	4,693,940
Total revenues	58,543,164	95,923,683
EXPENSES		
Direct expenses:		
Marketing and underwriting expenses	7,627,272	16,525,105
Customer care expenses	25,302,686	18,753,653
Provision for loan losses	7,506,435	31,068,876
Operational services (Note 6)	9,485,071	11,951,097
Royalties (Note 6)	5,229,351	8,619,339
Total direct expenses	55,150,815	86,918,070
Indirect expenses:		
Salaries, benefits and occupancy related expenses	2,502,762	2,705,579
Professional and consulting fees	860,398	772,165
Server and technology	779,597	821,873
Travel and entertainment	58,195	165,871
Depreciation and amortization	2,314	24,356
Other indirect expenses	911,723	1,105,861
Total indirect expenses	5,114,989	5,595,705
Total operating expenses	60,265,804	92,513,775
Income (loss) from operations	(1,722,640)	3,409,908
OTHER INCOME (EXPENSE)		
Interest expense, net	(1,243,995)	(3,937,875)
Foreign exchange gain, net	141,643	238,253
Other expense, net	(27,830)	(68,973)
Total other expense, net	(1,130,182)	(3,768,595)
Net loss before income taxes	(2,852,822)	(358,687)
INCOME TAX BENEFIT (EXPENSE)	(212,752)	68,489
Net loss	£ (3,065,574)	£ (290,198)

See accompanying notes.

	Member's Ownership		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Member's Equity (Deficit)
	Shares	Amount			
BALANCE, December 31, 2018	1	£ 1,033,298	£ -	£ (11,392,998)	£ (10,359,700)
Net loss	-	-	-	(290,198)	(290,198)
BALANCE, December 31, 2019	1	£ 1,033,298	£ -	£ (11,683,196)	£ (10,649,898)
Net loss	-	-	-	(3,065,574)	(3,065,574)
BALANCE, December 31, 2020	1	£ 1,033,298	£ -	£ (14,748,770)	£ (13,715,472)

GAIN Credit LLC
Statements of Cash Flows

	Years Ended December 31,	
	2020	2019
OPERATING ACTIVITIES		
Net loss	£ (3,065,574)	£ (290,198)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	118,837	136,695
Provision for loan losses	7,506,435	31,068,876
Unrealized gain on foreign currency	(215,601)	(528,487)
Changes in operating assets and liabilities:		
Interest receivable	(1,588,811)	(8,796,996)
Prepaid expenses and other assets	1,776,686	(187,425)
Accounts payable	(1,700,165)	189,949
Accrued liabilities	5,057,631	3,124,570
Affiliates payables and note payable	5,044,643	7,993,378
Net cash provided by operating activities	12,934,081	32,710,362
INVESTING ACTIVITIES		
Net repayment of (investment in) loans receivable	15,262,660	(22,595,164)
Purchase of capital equipment	(3,132)	2
Net cash provided by (used in) investing activities	15,259,528	(22,595,162)
FINANCING ACTIVITIES		
Payments on debt	(25,443,432)	(5,917,766)
Net cash used in financing activities	(25,443,432)	(5,917,766)
INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,750,177	4,197,434
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of period	21,109,473	16,912,039
End of period	£ 23,859,650	£ 21,109,473
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	£ 1,128,115	£ 4,621,407
Taxes	£ 162,545	£ 14,047

Note 1 - Organization and Summary of Accounting Policies

The Company - GAIN Credit LLC (the "Company") is a Delaware limited liability company and was incorporated on October 27, 2009. The Company's primary business is short-term online lending in the United Kingdom "UK". On October 30, 2009, the shareholders of GAIN Credit LLC contributed all member shares to the Company in exchange for interest in GAIN Credit, Inc., formerly Global Analytics Holding, Inc., ("GCI"). GCI owns the one outstanding unit of the Company's membership.

The Company is a financial services and technology company focused on serving underbanked consumers in a responsible, respectful way. The Company uses proprietary software and analytics, along with a deep understanding of data, to provide its Lending Stream and Drafty online lending products to underbanked consumers who do not have adequate access to credit and banking services in the UK.

Functional currency presentation - The local currency for the Company is British pound sterling ("GBP"), which is considered to be the functional currency. The financial statements are presented in GBP.

Foreign currency translation - Some assets and liabilities have been translated from United States dollars ("USD") to GBP. Assets and liabilities have been translated at the exchange rates in effect at the balance sheets date. The resulting translation adjustments are included in gains and losses from foreign currency transactions are included in the determination of net loss.

The Company is subject to foreign currency exchange risk in the form of exposure to changes in currency exchange rates between the GBP and USD. Management periodically reviews the potential financial impact of foreign currency risk, and the Company will use derivative financial instruments to reduce foreign currency exposures when it believes that the Company is subject to significant potential losses. The Company does not use derivative financial products for speculative purposes. There were no derivative instruments in place to reduce foreign currency exposures at December 31, 2020 and 2019.

Use of estimates - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Allowances and reserves on loans and receivables, and reserves for refunds related to customer complaints and voluntary redress programs are significant estimates that are subject to revision in the near term as management obtains additional information and refines estimates. Actual results for all estimates could differ from those established estimates.

Cash and cash equivalents - The Company considers highly-liquid instruments with maturities of three months or less at acquisition to be cash equivalents. The Company maintains cash accounts primarily in two major financial institutions; one in the United States of America ("US") and one in the UK. The US accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company's cash accounts often exceed these limits and may be uninsured; and all cash accounts are otherwise unsecured. The UK cash accounts are not FDIC insured.

Restricted cash - Restricted cash includes cash held as collateral against the Company's term loan (Note 5), cash held as collateral by the Company's UK commercial banking partner for average float of UK BACS payments in transit, and cash receipts from customers which are held in settlement accounts by merchant service providers. Cash receipts are released by merchant service providers after the settlement periods, which range from one day to three months.

Fair value of financial instruments - The carrying value of cash and cash equivalents, restricted cash, loans receivable net of reserves, and note payable, approximates the fair value of these financial instruments due to their short-term nature.

Loans receivable - Loans receivable consists of short-term, unsecured loans and open-ended lines of credit to individual borrowers located in the UK. Loans receivable are recorded at the time cash is transferred to a customer's account, and are presented in the balance sheets, net of the reserve for loan losses.

Interest receivable - Interest receivable is recorded at the time interest revenue is earned for both unsecured short-term installment loans and open-ended lines of credit. The receivable is presented in the balance sheets, net of the reserve for losses.

Loan and interest receivable reserve policy - The Company maintains a loss reserve for probable losses inherent in the outstanding loan portfolio for consumer loans. To estimate the appropriate level of reserves, the Company considers known and relevant internal and external factors that affect loan collectability, including the amount of outstanding loans owed to the Company, historical loans charged off, the customers' creditworthiness, current collection patterns, and current economic trends. The current loan loss reserve is based on the Company's historical experience for collecting principal on the unpaid principal balance over a forward-looking period up to the point of expected charge-off.

The Company believes its reserves are adequate and reflect the best information available at any given point in time. For each loan, reserves are adjusted based on performance of individual loans. As portfolio loan performance can change over time, the Company will adjust loan loss reserves to match any such changes in future periods.

If a customer fails to make a payment on or before a scheduled due date, the loan is placed in delinquent status and an initial reserve for the total loan receivable is established and charged to operating expenses in the period that the loan is placed in delinquent status. This reserve is reviewed monthly and any additional provisions to the balance sheet reserves are charged to operating expenses.

The standard loan agreement includes certain penalty charges if the customer fails to make payments in accordance with the loan agreement on the scheduled payment dates. These charges are recognized as revenue when collected. The open-ended line of credit product does not contain late charges.

The Company charges off installment loan and interest receivable balances on or before the 90 days of continuous delinquency. The Company charges off balances relating to lines of credit on or before 60 days of continuous delinquency. Generally, the reserves for both loans and interest receivable increase as the customer becomes increasingly delinquent.

Recovery of defaulted loans – Any customer collections on installment loan accounts that are greater than 36-days delinquent, but not yet charged-off, are considered recoveries of defaulted loans. These loans are not subject to interest accrual per the Company's loan and interest receivable reserve policy. Upon receipt of cash for defaulted loans, the Company applies cash first to the principal balance due, then to interest due, and then to fees due. Any cash received in excess of principal, interest, and fees is recognized as revenue for additional interest and penalties and is shown in the recovery of defaulted loans on the accompanying statements of operations and comprehensive loss.

Loan origination costs - Certain direct origination costs have been deferred and recognized as an adjustment of the loan yield over the contractual life of the related loan or line of credit. As the portfolio consists of a large number of homogeneous loans and lines of credit, origination costs have been amortized based on the payment and charge-off history of the previous six months for homogeneous loan or line of credit pools. Loan origination costs are reflected within marketing and underwriting expenses on the accompanying statements of operations and comprehensive loss.

Property and equipment - Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life or the lease term. Repairs and maintenance are charged against expense as incurred.

Reserves for customer complaints and voluntary redress - The Company maintains reserves for multiple forms of customer redress, including customer complaints, Financial Ombudsman Service ("FOS") adjudication fees, and voluntary redress programs. As of December 31, 2020, and 2019, the Company had accrued approximately £14,836,431 and £10,595,350, respectively, for the customer complaints, FOS fees, and voluntary redress programs. These expenses are included in customer care within the accompanying statement of operations and comprehensive income and the accrual is included in accrued liabilities within the accompanying balance sheet. Actual results could differ from these estimates, with increased subjectivity due to the fluctuations in loss and customer response rates.

The Company maintains a reserve to reflect the Company's estimate of refunds to be paid against upheld complaints. These complaints have been raised by current or former customers or claims management companies working on behalf of current or former customers. The Financial Conduct Authority ("FCA") dictates that customer complaints are to be addressed promptly and fairly within the industry. If the Company's evidence does not support the complaint and the Company rejects the claim, the customer has the right to escalate the complaint to the FOS for further adjudication. The FOS, acting as an alternative dispute resolution scheme under the Financial Services and Markets Act of 2000 (as amended), independently arbitrates and adjudicates each case on its own merits.

The Company currently reserves for complaints that have been received, but not yet settled either directly with the customer or upon elevation of the complaint to the FOS. The underlying reserve is based on the open complaints volume, recent historical averages for customer redress, further estimates for complaints settled internally versus those elevated to the FOS, as well as FOS case fees paid to the FOS regardless of the complaint outcome. The Company continues to assess the underlying assumptions on an ongoing basis. Under FCA rules, the Company is required to adapt its complaint handling policy and processes in response to decisions made by FOS. As a result, the basis of future complaints expenses including to our operations may change. The impact of these changes, associated risk, and the required changes to our operations, including the operational cost of handling such complaints, are closely monitored, and evaluated on an ongoing basis. As a result, the claims and estimated reserves have had a material impact on the results of operations, financial condition, and cash flows.

In April 2019, the Company undertook a voluntary review of historical lending decisions made since 2013 ("back-book review"). The first redress program ("Phase 1") was of reduced scope and addressed customer loan accounts where the existing supporting data on file in the Company's records could be used to identify loans that were potentially unaffordable. In April 2021, the Company completed a deeper analysis of customer accounts and identified additional loans for redress under a second redress program ("Phase 2"). Phase 2 is the final retrospective redress program as part of the back-book review effort and is expected to be completed in Q3 2022. Actual results could differ from the estimates included within the consolidated financial statements, as the final redress amount will be finalized based on customers' then current principal balances outstanding as of the date redress is made.

Revenue recognition – The Company's revenue is generated primarily from interest and fees on short-term online loans, affiliate marketing and other revenue from the sale of charged off receivables. The Company's online lending products include short-term installment loans and open-ended lines of credit.

Interest revenue is recognized on outstanding loans based on the contracted interest rate and the principal outstanding, net of amortized loan origination costs. Loans generally have a term of six months with payments due on a monthly basis. Interest is accrued daily over each payment cycle and shown net of amortized direct origination costs. Loans with missed payments greater than 35 days and lines of credit greater than 60 days delinquent do not accrue interest income. Interest revenue is reflected in consumer lending revenue on the accompanying statement of operations and comprehensive loss.

Fee revenue is recognized on outstanding loans based on the terms of the loan contract and when the loan is not greater than 35 days past due. Fee revenue is reflected in consumer lending revenue on the accompanying statement of operations and comprehensive loss.

Affiliate marketing revenue is recognized upon the sale of customer leads to affiliates based on the date of the lead sale. Affiliates are credit brokers and other companies conducting activity similar to that of GAIN Credit LLC. Affiliate marketing revenue is reflected in other revenue on the accompanying statement of operations and comprehensive loss.

Delinquent and charged off receivables are evaluated for sale to third parties at a discount to par value. These transactions are treated as sales, or transfers of financial assets, with no cost given the loans sold have been previously charged off in full. Revenue from the sale of charged off receivables to is recognized upon contract execution and reflected within other revenue on the accompanying statements of operations and comprehensive loss.

Advertising and Promotions – Advertising costs include amounts paid to agencies, lead providers and affiliates, as well as the cost for advertising through media, direct mail, or texts. Advertising costs are expensed as incurred or upon the first time the advertising takes place. Advertising production costs are expensed when the advertising is first aired. There were no capitalized advertising costs at December 31, 2020 and 2019.

Income taxes - Under governance of the Internal Revenue Code, limited liability companies are not subject to US federal income tax. Accordingly, the taxable impact of any income or loss realized by the Company is the responsibility of its members. The Company is liable for California state franchise tax, Delaware state franchise tax, and UK corporate income tax, all of which are included in the statement of operations and comprehensive loss.

A deferred tax asset or liability is determined based on the difference between the financial statement and tax basis of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized.

The Company recognizes the tax benefit from uncertain tax positions if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement.

Risks and Uncertainties - In March 2020, the World Health Organization classified the novel coronavirus ("COVID-19") outbreak as a global pandemic, based on the rapid increase in exposure globally. As of the date of issuance of these financials, vaccines have been developed and distributed throughout much of the developed world, including in the UK market where the Company's customers live. The COVID-19 pandemic has had far-reaching impacts on many aspects of the Company's operations, directly and indirectly, including on consumer behavior, employees, and the market generally. The scope and nature of these impacts continue to evolve each day. The Company is aware that the risk of impairment of assets, specifically principal and interest receivables, will remain heightened if the pandemic and resulting economic downturn remain prolonged. Customer behaviors such as first payment default rates and prepayment rates will be closely monitored to determine if indicators of impairment are present.

Liquidity - The Company reported cash and cash equivalents of £22,105,108 and positive working capital of £12,585,945 as of December 31, 2020. Further, it reported net cash provided from operating activities of £12,934,081 for the year ended December 31, 2020. The Company repaid the principal balance outstanding on its note payable on June 10, 2020.

Recent Accounting Pronouncements - In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Current Expected Credit Loss Standard*. The new ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial assets and other commitments to extend credit held by a reporting entity at each reporting date. In November 2019, the FASB issued ASU No. 2019-10, deferring the effective date for implementation to fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of this ASU on the financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, providing new guidance on the principles of reporting leases. The ASU defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration with some exclusions such as intangible assets. In November 2019, the FASB issued ASU No. 2019-10, deferring the effective date for implementation to fiscal years beginning after December 15, 2020. In March 2020, the FASB issued ASU No. 2020-05, deferring the effective date for implementation to fiscal years beginning after December 15, 2021. The Company is currently evaluating the impact of the adoption of this ASU on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, along with amendments issued in 2015 and 2016, which amends the existing accounting standards for revenue recognition. ASU 2014-09 outlines principles that govern revenue recognition at an amount an entity expects to be entitled when products are transferred to customers. In June 2020, the FASB issued ASU No. 2020-05, deferring the effective date for implementation to fiscal years beginning after December 15, 2019. The Company adopted this guidance using the modified retrospective approach noting no impact as of the adoption date, January 1, 2020, or to its financial statements for both December 31, 2020 and 2019.

In January 2017, FASB issued ASU 2017-03 *Accounting Changes and Error Corrections*, providing guidance on the accounting for and reporting of accounting changes, including a change in accounting principle, a change in accounting estimate and a change in reporting entity. The ASU also provides guidance on the correction of an error in previously issued financial statements. The ASU is effective for the annual periods beginning after December 15, 2020. The Company early adopted this guidance noting no impact to its financial statements for both December 31, 2020 and 2019.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements were available to be issued. The Company has evaluated subsequent events through May 13, 2021, which is the date the financial statements were available for issuance.

Note 2 – Loans and Interest Receivable

Loans and interest receivable are presented net of unamortized loan costs of £27,700 and £58,226 at December 31, 2020 and 2019, respectively. Loans and interest receivable, less allowances for loan losses, consist of the following at December 31:

	2020	2019
Loans and interest receivable	£ 32,083,964	£ 60,769,520
Less allowance for loan losses	(3,693,447)	(11,198,719)
Net loans and interest receivable	£ 28,390,517	£ 49,570,801

Changes in the allowance for loan losses related to loans and interest receivable for the years ended December 31 are as follows:

	2020	2019
Changes in the allowance for loan losses:		
Balance at January 1	£ 11,198,719	£ 12,889,835
Amounts charged off	(27,661,549)	(45,673,162)
Recoveries	12,649,842	12,913,170
Provision bad debt	7,506,435	31,068,876
Balance at December 31	£ 3,693,447	£ 11,198,719

The following reflects the credit quality of the Company's loans receivable as of December 31, 2020 and 2019, as delinquency status has been identified as the primary credit quality indicator. The Company classifies its loans as either current or past due.

	2020	2019
Current loans	£ 28,354,414	£ 50,014,273
Past due loans	1,707,233	5,688,625
	30,061,647	55,702,898
Net unamortized loan acquisition costs	27,700	58,226
Less: Allowance for loan losses	(2,930,536)	(8,681,973)
	£ 27,158,811	£ 47,079,151

Loans with a missed payment greater than 35 days past due and lines of credit with missed payment greater than 60 days past due, do not accrue interest income. At December 31, 2020 and 2019, the net balance of loans on non-accrual status was £50,738 and £242,712, respectively.

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Computer equipment, software, and website development	£ 26,256	£ 23,124
Leasehold improvements	91,647	91,647
	117,903	114,771
Less accumulated depreciation	115,452	(113,138)
	£ 2,451	£ 1,633

Depreciation expense was £2,314 and £24,356 for the years ended December 31, 2020 and 2019, respectively.

Note 4 - Commitments and Contingencies

Operating lease agreements - The Company is party to operating leases related to office and servers. The server leases are cancellable month-to-month lease agreements. The office space lease expires in October 2022. Future minimum lease payments required under operating leases as of December 31, 2020 are:

Years ending December 31,		
2021	£	88,705
2022		76,975
	£	165,680

Rent expense for all operating leases was £906,109 and £1,019,437 for years ended December 31, 2020 and 2019, respectively.

Unfunded loans -The Company had no unfunded loans at December 31, 2020 and 2019. The Company had unfunded lines of credit available to customers totaling £6,138,580 and £7,891,462 at December 31, 2020 and 2019, respectively.

Legal matters - As of December 31, 2020, there was no pending or threatened material litigation against the Company, with the exception of the plaintiff matter that was settled and stayed, yet still subject to a final settlement payment in 2021. The claims in the plaintiff matter were stayed by a confidential Tomlin Order in December 2020, pursuant to a confidential settlement agreement that was agreed to by the parties in November 2020. The trial scheduled for December was vacated and the final payment required under the *confidential settlement agreement was transmitted and received in* February 2021. The transmission and receipt of the final payment provided no ability for the parties to lift the stay. As of December 31, 2020, the Company held a £225,000 balance related to the remaining unpaid settlement amount. This balance is included in accrued liabilities within the statements of operations.

Note 5 - Note Payable

Crystal Financial - In June 2013, the Company's lending subsidiary, GAIN Credit LLC, entered into an agreement to borrow $30,000,000 in the form of a term loan (the "2013 Loan Agreement"). Amounts available to GAIN Credit LLC under the 2013 Loan Agreement are governed by a borrowing base and the net orderly liquidation value of GAIN Credit LLC's loan portfolio as defined in the 2013 Loan Agreement. In December 2016, the Company converted $24,080,600 of the loan balance to a £19,000,000 GBP denominated loan ("GBP term loan"); the remaining loan balance of $5,919,400 remained payable in USD ("USD term loan").

In August 2017, the Company increased the loan facility by £7,650,000 (approximately $10,291,392). Between September 2019 and December 2019, the Company paid down principal of £4,915,000 on its GBP term loan and $1,269,400 on its USD term loan.

In March 2020, the Company negotiated a forbearance to paydown the remaining principal balances and accrued interest related to its notes payable denominated in GBP and USD. The Company made its final principal payment on June 10, 2020 and fully amortized its remaining unamortized capitalized debt issuance cost balance.

Note 6 – Related Party Transactions

The Company engages in transactions with affiliated entities. Specifically, the Company engages in transactions with GCI, GAIN Credit Holdings, Inc. ("GCHI"), a wholly owned subsidiary of GCI, and Global Analytics India Pty Ltd ("GAI"), a subsidiary of GCHI. These affiliate transactions resulted in a net payable balance of £23,617,770 and £18,945,033 at December 31, 2020 and 2019, respectively. Affiliate payables carry no rate of interest or payment terms. The Company leverages financial and management support of affiliate entities. The balances are classified as current and reflected as affiliates payable within the balance sheets.

GCI Transactions – The Company incurs and reimburses costs paid on its behalf by GCI to support its operations. Costs incurred of £2,297,727 and £2,543,856, for the years ended December 31, 2020 and 2019, respectively, are reflected in operational services within the statement of operations and comprehensive loss. The affiliate payable balance due to GCI was £958,065 and £1,235,111 at December 31, 2020 and 2019, respectively.

GCHI Transactions – The Company incurs royalties for its use of intellectual property owned by GCHI, net of technology services invoiced by the Company to GCHI. Royalty expenses incurred of £5,229,351 and £8,619,339 for years ended December 31, 2020 and 2019, respectively, are reflected separately as royalties within the statement of operations and comprehensive loss. Technology services invoiced to GCHI of £435,752 and £327,804, for the years ended December 31, 2020 and 2019, respectively, are reflected in operational services within the statement of operations and comprehensive loss. The affiliate payable balance due to GCHI was £16,470,328 and £11,688,208 at December 31, 2020 and 2019, respectively.

In April 2018, the Company converted affiliates payables to GCHI totaling £28,582,803 to a note payable due April 2023 with interest at a rate of 3 percent paid quarterly. Interest expense incurred was £794,207 and £792,037 for years ended December 31, 2020 and 2019, respectively, and is reflected within operational services within the statement of operations and comprehensive loss. GCHI has no plans to call the note due in the next twelve months. The balance is reflected in affiliates notes payable and was £26,600,877 and £26,600,877 at December 2020 and 2019, respectively.

GAI Transactions – The Company incurs costs by GAI to support its operations. Costs incurred were £6,828,889 and £8,943,009 for years ended December 31, 2020 and 2019, respectively, and are reflected within operational services within the statement of operations and comprehensive loss. The affiliate payable balance due to GAI was £6,189,377 and £6,021,714 at December 31, 2020 and 2019, respectively.

Note 7 - Income Taxes

Deferred income taxes reflected the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating losses and tax credit carryforwards. As of December 31, 2020, and 2019, there were no deferred tax assets.

The Company is subject to UK corporate income tax at the rate of 19%. In 2020 and 2019, the Company incurred £212,752 and £68,489, respectively in UK corporate income tax expense and benefit.

The expense for income taxes charged to operations for the years ended December 31:

		2020		2019
UK Corporate	£	212,105	£	(69,101)
US State		647		612
	£	212,752	£	(68,489)

As of December 31, 2020, and 2019, the Company does not have any liabilities for uncertain tax positions.

The Company files income tax returns in certain US and UK jurisdictions. The income tax returns for the periods 2016-2020 generally remain open for assessment. For US federal tax purposes, the Company is a disregarded entity therefore is not subject to federal income tax. No provision for US federal income tax has been made since all income and losses are allocated to the corporate tax owner for inclusion in their respective tax return.