

Ongoing rights issue in TrustBuddy AB (publ) suspended - peer-to-peer platform closed after suspected misconduct within the company

An investigation initiated by the new management of TrustBuddy AB has indicated serious misconduct within the company. The Board of Directors has informed Nasdaq OMX and the Swedish FSA about the situation, and the FSA has demanded that TrustBuddy is to stop offering its services with immediate effect. As a consequence, the company's planned rights issue is suspended. The Board of Directors will prepare a control balance sheet and are currently evaluating all available options in order to find a viable solution for all parties.

Simon Nathanson, Chairman of the Board of TrustBuddy AB, comments:

- We are of course very disappointed in the situation that has arisen. With the new management team in place, TrustBuddy had both the platform and the capacity to create a company built for growth and industry leadership. In light of the recent events, we now have to redirect our focus to find a solution that is in the best interest for all stakeholders.

Background

The new management team has been in place since early September, 2015. In connection with the repositioning of the business, an investigation of the business activities undertaken by the former management was initiated. The investigation is ongoing, but has so far pointed at several breaches of internal or external regulation:

- The Company has used lenders' capital in violation of their instructions, or, without their permission. As a result, there is currently a 44 MSEK discrepancy between the amount owed to lenders and the available balance of the client bank accounts.
- The total amount currently lent out on the platform is approximately 300 MSEK, of which, 37 MSEK is not assigned to lenders.
- The Company has re-assigned existing loans, a significant portion of which were likely non-performing, to new capital deployed by lenders.

The investigation indicates that these practices were likely in place since the TrustBuddy platform began operation.

Actions taken by the new management and the Board of Directors

The questionable practices mentioned above, limited to the Company's short-term lending business, have been stopped with immediate effect.

Further, the Board of Directors informed Nasdaq OMX and the Swedish FSA about the findings. Based on the findings, the FSA demanded that TrustBuddy is to stop offering its services with immediate effect. As a consequence, the planned rights issue, scheduled to run from 14 October 2015 to 30 October 2015, is suspended.

Due to the severe breaches of the internal and/or external regulation, the Board of Directors has also decided to file a report to the Swedish Police Authority.

The Dutch subsidiary Geldvoorelkaar, which focuses on lending to small and medium-sized enterprises, has been operating on a stand-alone basis and has not been subject to misconduct.

Members of the previous management team that are current employees of the Company have been put on suspension while additional investigation takes place. Current and former employees that have participated as lenders on the TrustBuddy platform have had their accounts put on hold.

The Board of Directors will as soon as possible prepare a control balance sheet, and will also investigate the potential impact of the events on other significant agreements.

Information for lenders and investors

All services and products of the parent company TrustBuddy AB are being suspended. Therefore, it is not possible to make any withdrawals or deposits. More information can be found at <http://investor.trustbuddy.com/>.

The trading in the company's shares has been halted since 7 October, and will continue to be halted until the company has presented new information.

Webcast for investors

An audio webcast for investors is planned for today at 10.00 CET. The Chairman of the Board, Simon Nathanson and CEO Philip Mikal will give a presentation on the background and the processes going forward.

To participate in the audio webcast and have the opportunity to ask questions, please dial the following number: +44 (0) 1452 567058, pass code 1929786

The webcast will also be available on <http://engage.vevent.com/rt/webcasting~20151012>.

For more information please contact:

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About TrustBuddy AB (publ)

TrustBuddy is a leading diversified peer-to-peer group that operates in Northern Europe. The Group and operates under two different brand names (Geldvoorelkaar and TrustBuddy). The group offers peer-to-peer financing for small and mid-sized companies and consumer loans.

The company is listed at Nasdaq First North in Stockholm. Erik Penser Bankaktiebolag is TrustBuddy AB (publ)'s Certified Adviser and market maker, phone number: +46-8-463 80 00.