

**4finance Holding S.A.**

*Société anonyme*

**Annual accounts**

**For the financial year ended**

**December 31, 2018**

**(with the Report of Independent Auditors)**

**Registered office:**

**8-10, Avenue de la Gare**

**L-1610 Grand Duchy of Luxembourg**

**Luxembourg Trade and Companies Register number: B 171 059**

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	Notes	12/31/2018 EUR	12/31/2017 EUR
<b>ASSETS</b>			
<b>A. Subscribed capital unpaid</b>		—	—
I. Subscribed capital not called		—	—
II. Subscribed capital called but unpaid		—	—
<b>B. Formation expenses</b>			
<b>C. Fixed assets</b>		<b>148.045.138,40</b>	<b>151.103.018,24</b>
I. Intangible assets		—	—
1. Costs of development		—	—
2. Concessions, patents, licenses, trade marks and similar rights and assets, if they were:		—	—
a) acquired for valuable consideration and need not be shown under C.I.3		—	—
b) created by the undertaking itself		—	—
3. Goodwill, to the extent that it was acquired for valuable consideration		—	—
4. Payments on account and intangible fixed assets under development		—	—
II. Tangible assets		—	—
1. Land and buildings		—	—
2. Plant and machinery		—	—
3. Other fixtures and fittings, tools and equipment		—	—
4. Payments on account and tangible assets in course of construction		—	—
III. Financial assets	3	<b>148.045.138,40</b>	<b>151.103.018,24</b>
1. Shares in affiliated undertakings		136.514.464,90	139.071.095,74
2. Loans to affiliated undertakings		—	—
3. Participating interests		1.640.673,50	2.141.922,50
4. Loans to undertakings with which the Company is linked by virtue of participating interests		—	—
5. Investments held as fixed assets		9.890.000,00	9.890.000,00
6. Other loans		—	—
<b>D. Current Assets</b>		<b>74.249.502,46</b>	<b>82.993.426,20</b>
I. Stocks		—	—
1. Raw materials and consumables		—	—
2. Work and contracts in progress		—	—
3. Finished goods and and goods for resale		—	—
4. Payments on account		—	—

II. Debtors		<b>74.018.675,64</b>	<b>81.986.083,31</b>
1. Trade debtors		—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
2. Amounts owed by affiliated undertakings	<b>4</b>	<b>73.774.779,94</b>	<b>81.970.775,56</b>
a) becoming due and payable within one year		72.922.446,61	28.427.388,66
b) becoming due and payable after more than one year		852.333,33	53.543.386,90
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests		—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
4. Other debtors	<b>5</b>	<b>243.895,70</b>	<b>15.307,75</b>
a) becoming due and payable within one year		243.895,70	15.307,75
b) becoming due and payable after more than one year		—	—
III. Investments		—	—
1. Shares in affiliated undertakings and undertakings with which the Company is linked by virtue of participating interests		—	—
2. Own shares		—	—
3. Other investments		—	—
IV. Cash at bank and cash in hand		<b>230.826,82</b>	<b>1.007.342,89</b>
E. Prepayments	<b>6</b>	<b>959,08</b>	<b>12.705,01</b>
<b>TOTAL (ASSETS)</b>		<b>222.295.599,94</b>	<b>234.109.149,45</b>

	Notes	12/31/18 EUR	12/31/17 EUR
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>A. Capital and reserves</b>	7	56.225.359,74	68.556.125,23
I. Subscribed capital		35.750.000,00	35.750.000,00
II. Share premium and similar premiums		—	—
III. Revaluation reserve		—	—
IV. Reserves		3.108.659,08	2.538.001,08
1. Legal reserve		2.931.445,08	2.360.787,08
2. Reserve for own shares		—	—
3. Reserve provided for by the articles of association		—	—
4. Other reserves		177.214,00	177.214,00
a) other available reserves		177.214,00	177.214,00
b) other non available reserves		—	—
V. Profit or loss brought forward		29.697.466,15	18.854.954,41
VI. Profit or loss for the financial year		(12.330.765,49)	11.413.169,74
VII. Interim dividends		—	—
VIII. Capital investment subsidies		—	—
<b>B. Provisions</b>		—	—
1. Provisions for pensions and similar obligations		—	—
2. Provisions for taxation		—	—
3. Other provisions		—	—
<b>C. Creditors</b>		166.070.240,20	165.553.024,22
1. Debenture loans		—	—
a) Convertible loans		—	—
i) becoming due and payable within one year		—	—
ii) becoming due and payable after more than one year		—	—
b) Non-convertible loans		—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
2. Amounts owed to credit institutions		—	—
3. Payments received on accounts of orders as far as they are not shown separately as deductions from stocks		—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
4. Trade creditors	8	3.333.965,20	307.805,23
a) becoming due and payable within one year		3.333.965,20	307.805,23
b) becoming due and payable after more than one year		—	—
5. Bills of exchange payable		—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
6. Amounts owed to affiliated undertakings	9	162.467.288,55	165.118.361,99
a) becoming due and payable within one year		48.082.956,77	51.076.521,91
b) becoming due and payable after more than one year		114.384.331,78	114.041.840,08

7. Amounts owed to undertakings with which the company is linked by virtue of participating interests		—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
8. Other creditors	10	268.986,45	126.857,00
a) Tax authorities		264.932,23	126.857,00
b) Social security authorities			
c) Other creditors		4.054,22	—
i) becoming due and payable within one year		4.054,22	—
ii) becoming due and payable after more than one year		—	—
<b>D. Deferred income</b>		—	—
<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>		<b>222.295.599,94</b>	<b>234.109.149,45</b>



	Notes	2018 EUR	2017 EUR
<b>PROFIT AND LOSS ACCOUNT</b>			
1. Net turnover		—	—
2. Variation in stocks of finished goods and work in progress		—	—
3. Work performed by the undertaking for its own purposes amnd		—	—
4. Other operating income		—	—
5. Raw materials and consumables and other external expenses	11	(3.307.468,88)	(883.209,17)
a) Raw materials and consumables		—	—
b) Other external expenses		(3.307.468,88)	(883.209,17)
6. Staff costs		—	—
a) Wages and salaries		—	—
b) Social security costs		—	—
i) relating to pensions		—	—
ii) other social security costs		—	—
c) Other staff costs		—	—
7. Value adjustments		—	—
a) in respect of formation expenses and of tangible and intangible fixed		—	—
b) in respect of current assets		—	—
8. Other operating expenses	12	(4.600.933,50)	—
9. Income from participating interests	13	22.118.722,00	49.759.237,02
a) derived from affiliated undertakings		22.118.722,00	49.759.237,02
b) other income from participating interests		—	—
10. Income from other investments and loans forming part of the fixed assets		—	—
a) derived from affiliated undertakings		—	—
b) other income not included under		—	—
11. Other interest receivable and similar income	14	8.636.226,12	11.790.311,89
a) derived from affiliated undertakings		7.101.568,45	8.122.895,67
b) other interest and similar income		1.534.657,67	3.667.416,22
12. Share of profit or loss of undertakings accounted for under the equity method		—	—
13. Value adjustments in respect of financial assets and of investments held as current assets	3	(16.275.206,84)	(25.096.202,17)
14. Interest payable and similar expenses	15	(18.780.955,89)	(24.039.802,83)
a) concerning affiliated undertakings		(16.845.007,59)	(20.342.038,68)
b) other interest and similar expenses		(1.935.948,30)	(3.697.764,15)
15. Tax on profit or loss		—	—
16. Profit or loss after taxation		(12.209.616,99)	11.530.334,74
17. Other taxes not shown under items 1 to 16	16	(121.148,50)	(117.165,00)
18. Profit or loss for the financial year		<u>(12.330.765,49)</u>	<u>11.413.169,74</u>

## **NOTE 1 GENERAL INFORMATION**

4finance Holding S.A., hereinafter the "Company", was incorporated on 24 July, 2012 and is organized under the laws of Luxembourg as a "société anonyme" for an unlimited period.

The registered office of the Company is established in Luxembourg City.

The financial year of the Company starts on 1 January, and ends on 31 December of each year.

The object of the Company is the acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the administration, management, control and development of such participations. The Company may in particular acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and/or other participation securities, bonds, debentures, certificates of deposit and/or other debt instruments and more generally any securities and/or financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development, management and control of any company or enterprise. It may further make direct or indirect real estate investments and invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow and raise money in any form and in particular by way of private or public offer. It may issue notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities, in particular by way of private or public placement. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, and transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against credit, currency exchange, interest rate risks and other risks.

The Company may generally carry out any operations and transactions, which directly or indirectly favour or relate to its object.

The Company also prepares consolidated accounts as of December 31, 2018, which is subject to publication in Luxembourg. 4finance Holding S.A. and its subsidiaries are a part of a wider group and are also included in the consolidated accounts of 4finance Group S.A. which is the Company's parent.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of preparation**

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December, 2002, as amended by the law of 10 December, 2010 (the "Law"), determined and applied by the directors of the Company (the "Board of Directors").

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



The Company maintains its books and records in EUR and prepares its annual accounts in accordance with applicable laws and regulations in Luxembourg as well as with the generally accepted accounting principles in force in the Grand Duchy of Luxembourg. The annual accounts are prepared in accordance with the going concern principle.

### **Going concern**

Management of the Company believe that, considering all factors including the financial resources and commitments of the Company, the Company will carry on its business as a going concern. The annual accounts are prepared on the going concern basis of accounting.

### **Significant accounting policies**

The main valuation rules applied by the Company are the following:

#### ***Financial assets***

Shares in affiliated undertakings or participating interests, investments held as fixed assets and loans to these undertakings are valued at purchase price and nominal value respectively, including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Management, value adjustments are made in respect of financial assets, so that a lower value is attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

#### ***Debtors***

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is uncertain. These value adjustments are reversed if the reasons for which they were recognised have ceased to apply.

#### ***Foreign currency translation***

The Company maintains its accounting records in EUR and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("LuxGaap"), other assets except investments in equities are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account at the moment of their realisation only.

Investments in equities are translated at the historical exchange rate.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and any net unrealised loss is recorded in the profit and loss account whilst any net unrealised exchange gains are not recognised.

### Prepayments

This asset item includes payments incurred during the financial year but relating to an expenditure for a subsequent financial year.

### Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

### Current tax provision

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Other creditors".

The advance payments are shown in the assets of the balance sheet under the "Other debtors" item.

### Debts

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

The difference must be entirely written off when the debt is repaid. Debts are recorded under subordinated debts when their status is subordinated to unsecured debts.

## NOTE 3 FINANCIAL ASSETS

a) The movements for the year are as follows:

	Affiliated undertakings Shares EUR	Participating interests Shares EUR	Investments held as fixed assets EUR	Total EUR
<b>Gross book value - opening balance</b>	163.396.297,93	2.141.922,50	9.890.000,00	175.428.220,43
Additions for the year	13.217.327,00	—	—	13.217.327,00
Disposals for the year	—	—	—	—
Transfers for the year	—	—	—	—
<b>Gross book value - closing balance</b>	176.613.624,93	2.141.922,50	9.890.000,00	188.645.547,43
<b>Value adjustments - opening balance</b>	(24.325.202,19)	—	—	(24.325.202,19)
Allocations for the year	(15.773.957,84)	(501.249,00)	—	(16.275.206,84)
Reversals for the year	—	—	—	—
Transfers for the year	—	—	—	—
<b>Value adjustments - closing balance</b>	(40.099.160,03)	(501.249,00)	—	(40.600.409,03)
<b>Net book value - closing balance</b>	136.541.464,90	1.640.673,50	9.890.000,00	148.045.138,40
<b>Net book value - opening balance</b>	139.071.095,74	2.141.922,50	9.890.000,00	151.103.018,24



Participating interests consists of 24.4% equity interest in BillFront GmbH.

Investments held as fixed assets consists of 19.9% equity interest in Spotcap S.a.r.l, which in April 2019 is agreed to be sold to Tirona Limited for its carrying value of EUR 9.9 million, part of which is subject to regulatory approval.

b) Undertakings in which the Company holds interests in their share capital or in which it is a general partner are as follows:

Undertaking's name	Country	Percentage of holding 31.12.2018	Last balance sheet date	Net equity at the last balance sheet date	Result for the last financial year	Net book value 31.12.2018	Net book value 31.12.2017
				EUR	EUR	EUR	EUR
AS 4finance	Latvia	100,00%	31.12.2018	123.948.428,50	39.862.967,65	35.750.000,00	35.750.000,00
Zaplo SP Z.O.O	Poland	100,00%	31.12.2018	(14.144.884,01)	(832.929,26)	1.149.474,44	1.149.474,44
SIA VIVUS	Latvia	100,00%	31.12.2018	8.880.278,84	5.269.688,88	425.000,00	425.000,00
SIA ONDO	Latvia	100,00%	31.12.2018	2.558.957,98	2.280.254,18	425.000,00	425.000,00
4Finance IT SIA	Latvia	100,00%	31.12.2018	6.132.515,25	1.520.301,53	9.537.321,00	1.180.014,00
Zaplo IFN SA	Romania	99,90%	31.12.2018	1.408.964,31	1.345.674,75	1.125.493,57	7.208.373,57
Intersale Services Limited	Gibraltar	100,00%	31.12.2018	4.536.416,14	5.548.482,11	128,02	128,00
SIA 4Finance Media	Latvia	100,00%	31.12.2018	3.670.585,97	2.695.166,06	1.002.820,00	2.800,00
GoodCredit Universal Credit Organizatoin CJSC	Armenia	100,00%	31.12.2018	(2.120.062,90)	(1.172.568,91)	1.624.403,56	1.624.403,56
Prestamo Movil S.A.	Argentina	98,75%	31.12.2018	(6.580.686,53)	(6.214.770,68)	6.248.279,25	6.248.279,25
4Finance SA De C.V. Sofom E.N.R.	Mexico	99,99%	31.12.2018	(20.132.329,95)	(4.960.284,81)	—	—
4f Sales	USA	100,00%	31.12.2018	(15.598.370,01)	2.983.935,87	182.577,89	182.577,89
Integrated Management Services Mexico S.A.de C.V.	Mexico	99,00%	31.12.2018	(32.111,82)	(43.900,27)	—	2.296,56
4F Servicios de Correspondente Bancario Ltda.	Brazil	99,99%	31.12.2018	(819.902,70)	(212.809,02)	—	—
Vivus S.R.L.	Dominican	99,99%	31.12.2018	(5.942.992,92)	(2.134.012,41)	—	403.726,30
Credit Service UAB	Lithuania	100,00%	31.12.2018	(9.362.643,75)	(2.137.327,06)	56.915,67	56.915,67
Finansu administravimas UAB	Lithuania	100,00%	31.12.2018	(605.968,54)	1.703.332,26	2.500,00	2.500,00
Friendly Finance OU	Estonia	100,00%	31.12.2018	1.248.368,14	(4.326.158,73)	—	5.378.000,00
TBIF Financial services B.V.	Netherlands	100,00%	31.12.2018	55.602.498,86	(2.547.513,40)	78.947.596,80	78.947.596,80
Debt Solution SIA	Latvia	100,00%	31.12.2018	(109.457,67)	(53.831,89)	—	10.000,00
Monetago PL.SP.Z O.O	Poland	100,00%	31.12.2018	36.954,39	(3.762,25)	36.954,69	49.009,69
4finance GmbH	Germany	100,00%	31.12.2018	(1.641.875,58)	(1.155.512,67)	—	25.000,00
						<b>136.514.464,90</b>	<b>139.071.095,74</b>

After thorough review of its markets and products during 2018 to ensure they met financial return criteria it was decided to exit online businesses in Dominican Republic and Romania.

TBIF Financial Services B.V. is a holding company which mainly owns 100% equity interest in TBI Bank EAD. For 2018 consolidated TBI Bank EAD revenues amounted to EUR 75.2 million (2017: EUR 63 million), profit to EUR 14.5 million (2017: EUR 19.9 million) and total equity to 105.2 million (2017: EUR 94.2 million).

According to the last Billfront Group unaudited consolidated financial statements related to the financial year ended 31 December 2018, the total equity was negative and amounted to EUR 0.36 million and the loss for the year amounted to EUR 0.43 million.

The figures in relation to "Net Equity" and "Result for the last financial year", presented in the table above are unaudited stand alone data extracted from the consolidation table as at December 31, 2018.

#### NOTE 4 AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

This item is detailed as follows:

	2018 EUR	2017 EUR
<b>Becoming due and payable within one year</b>		
Loan to 4finance Group SA	48.948.804,59	—
Interest from loan to 4finance Group S.A.	12.279.178,65	6.985.523,43
Dividends receivable from Vivus SIA	7.112.222,00	—
TBIF share capital decrease from previous shareholders	2.866.414,00	—
Dividends receivable from Ondo SIA	1.120.860,00	—
Dividends receivable from 4finance Media SIA	568.740,00	—
Interest from loan to BillFront GmbH	26.227,37	—
Loan to BillFront GmbH	—	150.895,83
Loan to Piressa Holdings Limited	—	5.100.000,00
Dividends receivable from 4finance AS	—	16.190.969,40
<b>Total</b>	<b>72.922.446,61</b>	<b>28.427.388,66</b>
<b>Becoming due and payable after more than one year</b>		
Loan to BillFront GmbH	852.333,33	—
Loan to 4finance Group S.A.	—	50.676.972,90
TBIF share capital decrease from previous shareholders	—	2.866.414,00
<b>Total</b>	<b>852.333,33</b>	<b>53.543.386,90</b>

Loan to 4finance Group SA located in Luxembourg has interest 13,75% per year and maturity 9 July, 2019.

Loan to BillFront GmbH located in Germany has interest 5,00% per year and maturity 31 December, 2020.

#### NOTE 5 OTHER DEBTORS

Other debtors consist of Tax Advances amounting to EUR 243.895,70 (2017: EUR 15.307,75)

#### NOTE 6 PREPAYMENTS

Prepayments are mainly composed of following expenses:

	2018 EUR	2017 EUR
Annual maintenance fee	959,08	—
Communication advisors	—	12.705,01
	<b>959,08</b>	<b>12.705,01</b>



## NOTE 7 CAPITAL AND RESERVES

As at December 31, 2018 the share capital of the Company amounted to EUR 35.750.000,00 and is represented by 3.575.000.000 shares fully paid up with a nominal value of EUR 0,01 each.

The movements on the "Subscribed capital" item during the year are as follows:

	2018 EUR	Number of Shares
Subscribed capital - opening balance	35.750.000,00	3.575.000.000
Subscription for the year	—	—
Redemptions for the year	—	—
Subscribed capital - closing balance	35.750.000,00	3.575.000.000

### Share premium and similar premiums

The movement on the 'Share premium' item during the year are as follows:

	Share premium 2018 EUR	Share premium 2017 EUR
Share premium and similar premiums - opening balance	—	1.941.517,44
Additions for the year	—	—
Reductions for the year	—	(1.941.517,44)
Share premium and similar premiums - closing balance	—	—

	Legal reserve EUR	Reserve for own shares EUR	Other reserves EUR	Profit brought forward EUR	Profit or loss for the financial year EUR
As at the beginning of the year 2018	2.360.787,08	—	177.214,00	18.854.954,41	11.413.169,74
<u>Movements for the year:</u>	—	—	—	11.413.169,74	(11.413.169,74)
Appropriation to the legal reserve	570.658,00	—	—	(570.658,00)	—
Dividend	—	—	—	—	—
Other movements	—	—	—	—	—
Result for the financial year	—	—	—	—	(12.330.765,49)
As at the end of the year 2018	2.931.445,08	—	177.214,00	29.697.466,15	(12.330.765,49)

In accordance with Luxembourg Law of 10 August, 1915, as amended, on commercial companies, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the sole shareholder.

## NOTE 8 TRADE CREDITORS

Trade creditors consist of following expenses:

	2018 EUR	2017 EUR
Legal fees	1.595.616,46	141.304,45
Residual purchase price for Friendly Finance OU	1.000.000,00	—
Audit and accounting fees	738.056,24	163.473,80
Notary fees	292,50	—
Other fees	—	3.026,98
	<b>3.333.965,20</b>	<b>307.805,23</b>

## NOTE 9 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	Within one year EUR	After more than one year EUR	Total 2018 EUR	Total 2017 EUR
4Finance S.A.	47.181.041,28	114.384.331,78	161.565.373,06	164.293.532,36
4Finance Group S.A.	779.737,35	—	779.737,35	779.737,35
4Finance AS	99.194,75	—	99.194,75	18.721,83
Credit Service UAB	22.983,39	—	22.983,39	22.983,39
Integrated Management Services Mexico	—	—	—	2.296,54
4Finance IT SIA	—	—	—	1.090,52
<b>Total</b>	<b>48.082.956,77</b>	<b>114.384.331,78</b>	<b>162.467.288,55</b>	<b>165.118.361,99</b>

Loans from 4finance S.A. located in Luxembourg have interest rate 13.75% per year and maturity 7 December 2019 and 28 June 2020.

## NOTE 10 OTHER CREDITORS

	2018 EUR	2017 EUR
Tax authorities	264.932,23	126.857,00
Other creditors	4.054,22	—
	<b>268.986,45</b>	<b>126.857,00</b>

## NOTE 11 OTHER EXTERNAL EXPENSES

	2018	2017
	EUR	EUR
Legal fees	2.348.626,94	445.699,37
Audit and other fees to auditors	788.306,39	149.918,98
Accounting fees	57.728,55	21.051,28
Other fees	28.080,36	66.187,02
Tax consultancy fees	26.266,90	149.415,29
Directors fee	22.961,69	—
Consulting fees	16.150,18	—
Rental fees	10.747,09	11.235,45
Bank account charges	4.302,65	3.455,75
Data processing	2.441,21	3.209,80
Publications	1.332,09	7.835,83
Luxembourg Chamber of Commerce contribution	350,00	350,00
Transportation expenses	174,83	—
Advisory fees	—	24.850,40
<b>Total</b>	<b>3.307.468,88</b>	<b>883.209,17</b>

## NOTE 12 OTHER OPERATING EXPENSES

	2018	2017
	EUR	EUR
Debt waiver Prestamo Movil S.A. (Argentina)	4.600.933,50	—
	<b>4.600.933,50</b>	<b>—</b>

## NOTE 13 INCOME FROM PARTICIPATING INTERESTS

Derived from affiliated undertakings:	2018	2017
	EUR	EUR
Dividends income from 4finance AS (LV)	13.016.900,00	49.295.012,02
Dividends income from Vivus SIA (LV)	7.412.222,00	—
Dividends income from Ondo SIA (LV)	1.120.860,00	—
Dividends income from 4finance Media SIA (LV)	568.740,00	—
Dividends income from UAB Finansu Administravimas (LT)	—	464.225,00
	<b>22.118.722,00</b>	<b>49.759.237,02</b>

#### **NOTE 14 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

a) derived from affiliated undertakings

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Interest income and similar income	7.101.568,45	8.122.895,67
<b>Total</b>	<b>7.101.568,45</b>	<b>8.122.895,67</b>

b) other interest and similar income

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Foreign currency exchange gains	1.534.657,67	3.667.416,22
<b>Total</b>	<b>1.534.657,67</b>	<b>3.667.416,22</b>

#### **NOTE 15 INTEREST PAYABLE AND SIMILAR EXPENSES**

a) concerning affiliated undertakings

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Interest charge on loan amounts owed to affiliated undertakings	16.845.007,59	20.299.294,75
4f Exchange liquidation	—	42.743,93
	<b>16.845.007,59</b>	<b>20.342.038,68</b>

b) other interest and similar expenses

	<b>2018</b>	<b>2017</b>
	<b>EUR</b>	<b>EUR</b>
Foreign currency exchange losses	1.935.020,70	3.697.744,95
Penalties	927,60	—
Bank interest	—	19,20
	<b>1.935.948,30</b>	<b>3.697.764,15</b>

#### **NOTE 16 TAXES**

The Company is subject to the general tax regulation applicable to the commercial companies residing in Luxembourg.



## NOTE 17 AUDITOR FEES

The total fees accrued by the Company and paid or payable to the auditor/ audit firm are presented as follows:

	2018 EUR	2017 EUR
Audit fees PKF Audit & Conseil	727.815,24	—
Audit fees KPMG Baltic	—	129.536,78
Audit fees KPMG Luxembourg	—	20.382,20
	<u>727.815,24</u>	<u>149.918,98</u>

## NOTE 18 ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT

During the year ended December 31, 2018 the Company did not grant any loans to the management (2017: nil).

## NOTE 19 OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

On 27 June 2018 the Company issued a financial guarantee for the benefit of a third party with a maximum liability not exceeding EUR 15 million, where the liability of the Company under this guarantee is limited to the performance of 4finance S.A. arising from derivative transactions.

On 28 April 2017, the Company and the subsidiaries entered into an indenture according to the terms and conditions of which, the Company and the subsidiaries guarantee the validity and enforceability of the indenture, issued USD 325,000,000 10.75% Senior Notes due 2022 and the obligations of the issuer under the indenture.

On 23 May 2016, the Company and the subsidiaries entered into an agreement whereby the Company and the subsidiaries guarantee the validity and enforceability of the indenture, issued EUR 150,000,000 11.25% Senior Notes due 2021 and the obligations of the issuer under the indenture.

On 14 August 2014, the Company and the subsidiaries entered into an indenture according to the terms and conditions of which, the Company and the subsidiaries guarantee the validity and enforceability of the indenture, issued USD 200,000,000 11.75% Senior Notes due 2019 and the obligations of the issuer under the indenture. Since 28 April 2017 outstanding amount of hereby mentioned Senior Notes is USD 68,000,000.

The Company acts as a guarantor for leases of office space:

- 1) Guaranty in respect of lease agreement concluded between SIA 4finance IT Branch in UK and Lawnpond Limited;
- 2) Guaranty in respect of lease agreement concluded between 4f Sales Inc. and Aventura Harbour Borrower LLC;
- 3) Guaranty in respect of lease agreement concluded between 4finance, S.A. de C.V., SOFOM E.N.R. and Banca Mifel, S.A.;
- 4) Guaranty in respect of lease agreement concluded between 4finance EOOD and Art Build-Up Ltd.;
- 5) Guaranty in respect of lease agreement concluded between VIVUS, S.R.L. and COLE, S.R.L.

## **NOTE 20 SUBSEQUENT EVENTS**

The Company has appointed PKF Audit & Conseil, a member of the PKF International network, as its auditor. This follows a tender process to replace KPMG, who had audited the group (and its predecessor Latvian holding company) since the business started more than 10 years ago.

In April 2019, the Company agreed to sell its 19.9% equity interest in Spotcap S.a.r.l. to Tirona Limited for its carrying value of EUR 9.9 million, part of which is subject to regulatory approval.

## Independent Auditor's Report

To the Shareholders of  
4finance Holding S.A  
8-10, Avenue de la Gare  
L-1610 Luxembourg

### Report on the Audit of the Annual accounts

#### Opinion

We have audited the annual accounts of 4finance Holding S.A (the "Company") which comprise the balance sheet as at 31 December 2018, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

#### Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" ("CSSF"). Our responsibilities under the EU regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "*Réviseur d'Entreprises Agréé*" for the Audit of the Annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and Those Charged with Governance for the Annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

PKF Audit & Conseil Sàrl  
Réviseur d'Entreprises agréé - RC B222994  
37, rue d'Anvers L-1130 Luxembourg  
+352 28 80 12

**Responsibilities of the “Réviseur d’Entreprises Agréé” for the Audit of the Annual accounts**

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “Réviseur d’Entreprises Agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “Réviseur d’Entreprises Agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Luxembourg, 29 April 2019

**PKF Audit & Conseil Sàrl**  
Cabinet de révision agréé



Jean Medernach