

4finance Holding S.A.

Société anonyme

**Annual accounts
for the financial year ended
December 31, 2020**

(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	31/12/2020 EUR	31/12/2019 EUR
ASSETS			
A. Subscribed capital unpaid		—	—
I. Subscribed capital not called		—	—
II. Subscribed capital called but unpaid		—	—
B. Formation expenses			
C. Fixed assets		140.271.460,27	131.225.754,26
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	140.271.460,27	131.225.754,26
1. Shares in affiliated undertakings		135.586.274,16	128.833.186,65
2. Loans to affiliated undertakings		—	—
3. Participating interests		1.575.012,86	1.625.966,50
4. Loans to undertakings with which the Company is linked by virtue of participating interests		—	—
5. Investments held as fixed assets		3.110.173,25	766.601,11
6. Other loans		—	—
D. Current Assets		76.064.515,11	89.588.857,99
I. Stocks		—	—
1. Raw materials and consumables		—	—
2. Work and contracts in progress		—	—
3. Finished goods and goods for resale		—	—
4. Payments on account		—	—

II.	Debtors		75.605.118,38	84.559.743,36
1.	Trade debtors		11.130,83	11.130,83
a)	becoming due and payable within one year		11.130,83	11.130,83
b)	becoming due and payable after more than one year		—	—
2.	Amounts owed by affiliated undertakings	4	75.569.637,60	84.500.517,08
a)	becoming due and payable within one year		9.241.337,56	14.949.630,70
b)	becoming due and payable after more than one year		66.328.300,04	69.550.886,38
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	5	24.349,95	48.095,45
a)	becoming due and payable within one year		24.349,95	48.095,45
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		459.396,73	5.029.114,63
E.	Prepayments	6	109.278,72	—
TOTAL (ASSETS)			216.445.254,10	220.814.612,25

Luxembourg, April 12, 2021

On behalf of the Board of Directors



James Alexander Etherington

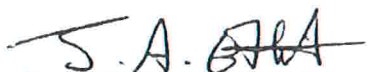
Category B director

	Notes	31/12/2020 EUR	31/12/2019 EUR
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	7	25.616.487,26	57.928.855,82
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	3.108.659,08
1. Legal reserve		2.931.445,08	2.931.445,08
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		19.070.196,74	3.366.700,66
VI. Profit or loss for the financial year		(32.312.368,56)	15.703.496,08
VII. Interim dividends		—	—
VIII. Capital investment subsidies		—	—
B. Provisions		—	—
1. Provisions for pensions and similar obligations		—	—
2. Provisions for taxation		—	—
3. Other provisions		—	—
C. Creditors		190.828.766,84	162.885.756,43
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	537.973,91	534.987,78
a) becoming due and payable within one year		537.973,91	534.987,78
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	190.253.687,19	162.182.162,45
a) becoming due and payable within one year		190.253.687,19	162.182.162,45
b) becoming due and payable after more than one year		—	—

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	37.105,74	168.606,20
a) Tax authorities		36.243,24	162.354,88
b) Social security authorities			
c) Other creditors		862,50	6.251,32
i) becoming due and payable within one year		862,50	6.251,32
ii) becoming due and payable after more than one year		—	—
D. Deferred income		—	—
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		216.445.254,10	220.814.612,25

Luxembourg, April 12, 2021

On behalf of the Board of Directors



James Alexander Etherington

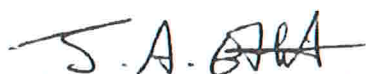
Category B director

	Notes	2020 EUR	2019 EUR
PROFIT AND LOSS ACCOUNT			
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	11	169.650,00	465.239,74
5. Raw materials and consumables and other external expenses	11	(911.279,62)	(1.006.897,91)
a) Raw materials and consumables		—	—
b) Other external expenses		(911.279,62)	(1.006.897,91)
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	4	(23.999.000,00)	(24.354.000,00)
a) in respect of formation expenses and of tangible and intangible fixed		—	—
b) in respect of current assets		(23.999.000,00)	(24.354.000,00)
8. Other operating expenses	12	—	(6.835.398,90)
9. Income from participating interests	13	11.258.441,55	67.724.409,00
a) derived from affiliated undertakings		11.258.441,55	67.724.409,00
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	8.103.680,34	8.022.343,73
a) derived from affiliated undertakings		7.760.731,34	7.034.208,45
b) other interest and similar income		342.949,00	988.135,28
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	(6.326.878,05)	(10.038.176,60)

14. Interest payable and similar expenses	15	(20.599.827,96)	(18.372.664,43)
a) concerning affiliated undertakings		(18.160.216,79)	(17.188.164,62)
b) other interest and similar expenses		(2.439.611,17)	(1.184.499,81)
15. Tax on profit or loss	16	—	—
16. Profit or loss after taxation		(32.305.213,74)	15.604.854,63
17. Other taxes not shown under items 1 to 16	16	(7.154,82)	98.641,45
18. Profit or loss for the financial year		<u>(32.312.368,56)</u>	<u>15.703.496,08</u>

Luxembourg, April 12, 2021

On behalf of the Board of Directors



James Alexander Etherington

Category B director

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, 2020, 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.

Going concern

The annual accounts are prepared on the going concern basis of accounting. In 2020 the Covid-19 pandemic was spreading in many European countries, including where many of the operating businesses held by 4finance Holding S.A. are active. During the pandemic the Group adapted its operations and has been able to provide continuous service to its customers. The main source of income for the Company comes from dividend income from its subsidiaries and interest income from loans issued. The Company's management is regularly closely monitoring the operations of subsidiaries that form a Group of related companies (referred as the Group) and its credit risk. In 2021 the Covid-19 pandemic is continuing to spread in many European countries with all countries starting the vaccination process. The Group's management has analysed potential adverse scenarios across all markets and concluded that the 4finance Holding S.A. cash position remains above minimum operating levels during the forecasting period of next 12 months and Company will carry on its business as a going concern. The Company is a guarantor for the EUR and USD Notes issued by its indirect subsidiary 4finance SA. Whilst the Note issuer, 4finance SA, has no debt maturities in 2021, management notes the two bond maturities in the first half of 2022. Therefore in order to term out its debt maturity profile the Group intends to refinance its bonds in 2021. The Group has a strong track record of raising financing in the debt capital markets over the past seven years in a range of formats and currencies. Most recently, in summer 2020 the Group has worked with its investor base on the successful extension to its EUR bonds. The Group's management is confident that a successful refinancing can be achieved. There are of course risks and uncertainties around future business performance, the macro environment and in capital markets. However, management takes confidence from a number of factors: the Group's own strong track record of fundraising, the range of other transactions completed 'post Covid' by other companies in the sector, the Group's good working relationships with its advisers and investor base and management's prior experience working in the capital markets. In addition, should a normal market-based refinancing not be available on suitable terms, management believes the Group has a range of alternative options available, including accessing the direct lending market or monetising its Group assets.

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
Gross book value - opening balance	177.711.807,65	2.141.922,50	2.010.609,74	181.864.339,89
Additions for the year	14.834.518,38	—	1.393.270,69	16.227.789,07
Disposals for the year	(6.688.524,35)	—	—	(6.688.524,35)
Transfers for the year	(804.632,11)	—	804.632,11	—
Gross book value - closing balance	185.053.169,57	2.141.922,50	4.208.512,54	191.403.604,61
Value adjustments - opening balance	(48.878.621,00)	(515.956,00)	(1.244.008,63)	(50.638.585,63)
Allocations for the year	(7.226.225,86)	(50.953,64)	(1,00)	(7.277.180,50)
Disposals for the year	5.833.319,34	—	—	5.833.319,34
Reversals for the year	804.632,11	—	145.670,34	950.302,45
Value adjustments - closing balance	(49.466.895,41)	(566.909,64)	(1.098.339,29)	(51.132.144,34)
Net book value - opening balance	128.833.186,65	1.625.966,50	766.601,11	131.225.754,26
Net book value - closing balance	135.586.274,16	1.575.012,86	3.110.173,25	140.271.460,27

In 2020 value adjustments in respect of financial assets and of investments held as current assets are 6.326.878,05 EUR (presented above in the 'allocations for the year' and the 'reversal for the year' line). Reversals for the year are related to the disposal of a subsidiary, the profit or loss effect is classified in other income or expense.

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 31.12.2020	Last balance sheet date	Net equity at the last balance sheet date EUR	Result for the last financial year EUR	Net book value 31.12.2020 EUR	Net book value 31.12.2019 EUR
TBIF Financial services B.V.	Netherlands	100.00%	31.12.2020	60.516.359,42	746.524,26	78.947.596,80	78.947.596,80
AS 4finance	Latvia	100.00%	31.12.2020	74.006.376,16	(2.691.868,47)	35.750.000,00	35.750.000,00
4Finance IT SIA	Latvia	100.00%	31.12.2020	8.419.833,98	846.100,72	9.537.321,00	9.537.321,00
Credit Service UAB	Lithuania	100.00%	31.12.2020	242.455,91	(648.239,50)	9.481.581,67	56.915,67
SIA 4Finance Media	Latvia	100.00%	31.12.2020	1.292.506,00	289.686,00	1.002.820,00	1.002.820,00
SIA VIVUS	Latvia	100.00%	31.12.2020	18.368.481,59	2.658.301,00	425.000,00	425.000,00
SIA ONDO	Latvia	100.00%	31.12.2020	2.679.758,57	(291.634,00)	425.000,00	425.000,00
Monetago PL.SP.Z O.O.	Poland	100.00%	31.12.2020	19.835,55	(9.868,23)	16.954,69	36.954,69
Intersale Services Limited	Gibraltar	100.00%	31.12.2020	(1.519.974,78)	(2.011.271,33)	—	128,02
GoodCredit Universal Credit Organizatoin CJSC	Armenia	100.00%	31.12.2020	(6.873.752,96)	(4.366.954,98)	—	2.346.372,58
4f Sales Inc	USA	100.00%	31.12.2020	(14.852.169,89)	(3.764.209,24)	—	182.577,89
Vivus S.A.	Luxembourg	100.00%	31.12.2020	58.330,59	(91.006,86)	—	120.000,00
Finansu administravimas UAB	Lithuania	100.00%	31.12.2020	(3.485.177,53)	(7.014.676,71)	—	2.500,00
Prestamo Movil S.A.	Argentina	98.75%	31.12.2020	(4.563.351,02)	(2.677.865,32)	—	—
4finance, Responsabilidad Limitada	Guatemala	99.99%	31.12.2020	9.402,17	(16.897,50)	—	—
4F Servicios de Correspondente Bancario Ltda.	Brazil	99.99%	31.12.2020	(29.705,73)	(375.851,02)	—	—
Vivus S.R.L.	Dominican	99.99%	31.12.2020	(6.332.658,72)	(601.889,81)	—	—
Friendly Finance OU	Estonia	100.00%	31.12.2020	(486.999,68)	(1.316.950,10)	—	—
Debt Solution SIA	Latvia	100.00%	31.12.2020	(113.573,01)	(1.301,08)	—	—
4finance GmbH	Germany	100.00%	31.12.2020	(1.761.504,78)	(82.347,62)	—	—
						135.586.274,16	128.833.186,65

The figures in relation to “Net Equity” and “Result for the last financial year”, presented in the table above are unaudited standalone data extracted from the consolidation table as at December 31, 2020.

TBIF Financial Services B.V. is a holding company which mainly owns an 100% equity interest in TBI Bank EAD. For 2020 consolidated financial year TBI Bank EAD revenues have increased by 7% amounted to EUR 96,4 million (2019: EUR 90,4 million), profit amounted to EUR 19,3 million (2019: EUR 22,3 million) and total equity amounted to EUR 135,5 million (2019: EUR 115,3 million).

Participating interests consist of a 24,4% equity interest in BillFront GmbH (Germany). According to the last Billfront Group unaudited consolidated financial statements related to the financial year ended 31 December 2020, the total equity was negative and amounted to EUR 1,3 million (2019: negative EUR 1,1 million) and the loss for the year amounted to EUR 0,2 million (2019: loss EUR 0,7 million).

Investments held as fixed assets consist of a 3,48% equity interest in BRABank ASA (Norway).

NOTE 4 AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

This item is detailed as follows:

	2020	2019
	EUR	EUR
Becoming due and payable within one year		
Principal of the loans granted	2.786.412,23	28.056.127,84
Accrued interest	1.912.994,83	6.629.761,86
Dividends receivable	7.700.000,00	2.468.599,00
Other receivables	238.930,50	155.142,00
Total	12.638.337,56	37.309.630,70
Value adjustment as of 1st of January	(22.360.000,00)	—
Value adjustments	(1.403.000,00)	(22.360.000,00)
Reversals	22.360.000,00	—
Transfer for this year	(1.994.000,00)	—
Value adjustment as of 31st December	(3.397.000,00)	(22.360.000,00)
Net book value as of 31st December	9.241.337,56	14.949.630,70
	2020	2019
	EUR	EUR
Becoming due and payable after more than one year		
Principal of the loans granted	65.717.738,74	55.962.338,93
Accrued interest	23.206.561,30	15.582.547,45
Total	88.924.300,04	71.544.886,38
Value adjustment as of 1st of January	(1.994.000,00)	—
Value adjustments	(22.596.000,00)	(1.994.000,00)
Reversals	1.994.000,00	—
Transfer for this year	—	—
Value adjustment as of 31st December	(24.590.000,00)	(1.994.000,00)
Net book value as of 31st December	64.334.300,04	69.550.886,38

In 2020 value adjustments in respect of current assets are 23.999.000,00 EUR (presented above in the 'value adjustments' line). Reversals are related to disposal of the loan and accrued interest.

NOTE 5 OTHER DEBTORS

Other debtors consist of tax advances amounting to EUR 24.349,95 (2019: EUR 48.095,45)

NOTE 6 PREPAYMENTS

Prepayments are mainly composed of the following expenses:

	2020	2019
	EUR	EUR
IT expenses	106.602,76	—
Annual maintenance fee	2.675,96	—
Total	109.278,72	—

NOTE 7 CAPITAL AND RESERVES

As at December 31, 2020 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:

	2020	Number of
	EUR	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

Movements for the year on reserves and profit/loss items:

	Legal reserve	Reserve for own shares	Other reserves	Profit brought forward	Profit or loss for the financial year
	EUR	EUR	EUR	EUR	EUR
As at the beginning of the year 2020	2.931.445,08	—	177.214,00	3.366.700,66	15.703.496,08
<u>Movements for the year:</u>	—	—	—	15.703.496,08	(15.703.496,08)
Appropriation to the legal reserve	—	—	—	—	—
Dividend	—	—	—	—	—
Other movements	—	—	—	—	—
Result for the financial year	—	—	—	—	(32.312.368,56)
As at the end of the year 2020	2.931.445,08	—	177.214,00	19.070.196,74	(32.312.368,56)

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.

NOTE 8 TRADE CREDITORS

Trade creditors consist of the following expenses payable:

	2020	2019
	EUR	EUR
Audit and accounting fees	534.432,00	365.011,42
Legal fees	3.541,91	169.659,69
Notary fees	—	316,67
Total	537.973,91	534.987,78

NOTE 9 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	Within one year	After more than one year	Total	Total
	EUR	EUR	2020	2019
	EUR	EUR	EUR	EUR
4Finance S.A.	190.124.519,19	—	190.124.519,19	162.182.162,45
4Finance Group S.A.	129.168,00	—	129.168,00	—
Total	190.253.687,19	—	190.253.687,19	162.182.162,45

Loans from 4finance S.A. located in Luxembourg, have an interest rate of 13,75% per year and maturity in 2025. The loan and accrued interest is classified as due and payable within one year because prior to the maturity, the lender may request the repayment of the loan at any time.

NOTE 10 OTHER CREDITORS

	2020	2019
	EUR	EUR
Tax authorities	36.243,24	162.354,88
Other creditors	862,50	6.251,32
Total	37.105,74	168.606,20

NOTE 11 OTHER EXTERNAL EXPENSES

	2020	2019
	EUR	EUR
Audit and other fees to auditors	581.436,00	837.803,96
Directors fees	125.798,91	102.524,97
Legal fees	95.518,05	—
Bank account charges	32.412,30	2.386,14
Other fees	25.364,59	3.118,13
Accounting fees	23.025,96	38.269,03
Data processing	21.533,17	2.600,53
Tax consultancy fees	5.840,64	4.015,44
Luxembourg Chamber of Commerce contribution	350,00	350,00
Consulting fees	—	15.299,01
Transportation expenses	—	530,70
Total	911.279,62	1.006.897,91

In 2020, the Company recognised other operating income amounting to EUR 169.650,00 due to the reversal of accruals for non-delivered services. In 2019, the Company recognised other operating income amounting to EUR 465.239,74 due to reversal of accruals of success fees on legal services for non realization of a project.

NOTE 12 OTHER OPERATING EXPENSES

	2020	2019
	EUR	EUR
Debt waiver Prestamo Movil S.A. (Argentina)	—	6.835.398,90
Total	—	6.835.398,90

NOTE 13 INCOME FROM PARTICIPATING INTERESTS

Derived from affiliated undertakings:	2020	2019
	EUR	EUR
Dividends income	11.258.441,55	67.724.409,00
Total	11.258.441,55	67.724.409,00

NOTE 14 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

a) derived from affiliated undertakings

	2020	2019
	EUR	EUR
Interest income and similar income	7.760.731,34	7.034.208,45
Total	7.760.731,34	7.034.208,45

b) other interest and similar income

	2020	2019
	EUR	EUR
Foreign currency exchange gains	223.098,58	988.135,28
Other income	119.850,42	—
Total	342.949,00	988.135,28

NOTE 15 INTEREST PAYABLE AND SIMILAR EXPENSES

a) concerning affiliated undertakings

	2020	2019
	EUR	EUR
Interest charge on loan amounts owed to affiliated undertakings	18.160.216,79	17.188.164,62
Total	18.160.216,79	17.188.164,62

b) other interest and similar expenses

	2020	2019
	EUR	EUR
Loss on financial assets sold	1.359.277,88	—
Foreign currency exchange losses	1.078.265,57	1.184.499,81
Other expenses	2.067,72	—
Total	2.439.611,17	1.184.499,81

In 2020 there was a loss recorded on the sale of shares in the Company's subsidiary in Mexico.

NOTE 16 TAXES

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

NOTE 17 AUDITOR FEES

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

	2020	2019
	EUR	EUR
Audit fees PKF Audit & Conseil	581.436,00	363.900,00
Total	581.436,00	363.900,00

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

During the year ended December 31, 2020 the Company did not grant any loans to the management (2019: 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 certain 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, 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 certain subsidiaries entered into an agreement whereby the Company and the subsidiaries guarantee the validity and enforceability of the indenture, EUR 150.000.000 11,25% Senior Notes due 2021 and the obligations of the issuer under the indenture.

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.;

NOTE 20 SUBSEQUENT EVENTS

Investments

In March 2021, the Company increased its investment in 4finance AS by EUR 10 million. In December 2020 a decision was made to simplify corporate structure and decentralize, thus winding-down 4f Sales Inc. and gradually merging 4finance IT SIA and its branches in existing operating markets. Later in 2021, it is planned to merge SIA 4finance IT, SIA 4finance Media, as well as both Latvian operating entities, i.e. SIA Vivus and SIA Ondo, into AS 4finance.

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 2020, 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 2020, and its financial performance 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 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 Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, 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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 Summary of significant accounting policies to the annual accounts. An indirect subsidiary of the Company involved in financing the activities of the subsidiaries of 4finance Group S.A. has loans and borrowings of EUR 326 million with maturities in the first half of 2022. Note 2 indicates there are risks and uncertainties around future business performance, the macro environment and in capital markets, and describes Management's plan to address bond maturities during the course of 2021 and confidence in the group's ability to refinance. These events or conditions indicate that in case the bond maturities cannot be refinanced, a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

PKF Audit & Conseil Sàrl
Cabinet de révision agréé - RC B222994
37, rue d'Anvers L-1130 Luxembourg
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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.

Responsibilities of the “réviseur d'entreprises agréé” for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the financial statements 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 Law dated 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 financial statements.

As part of an audit in accordance with the Law dated 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 financial statements, 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 financial statements 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 financial statements, including the disclosures, and whether the financial statements 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.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

Luxembourg, 12 April 2021

PKF Audit & Conseil Sàrl
Cabinet de révision agréé



Jean Medernach