

4finance S.A.
Société anonyme

Half – yearly financial report
For the period from 1 January 2019 till
30 June 2019

Registered office:
8-10 Avenue de la Gare L-1610
Grand Duchy of Luxembourg
Luxembourg Trade and Companies Register number: B173403

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MANAGEMENT REPORT FOR THE FINANCIAL PERIOD ENDING ON

June 30, 2019

To the sole shareholder of **4finance S.A.** (“the Company”):

AS “4finance”, having its registered office at Lielirbes iela 17a – 8, Riga LV – 1046, Latvia.

In accordance with our duties as Directors of 4finance S.A. we hereby submit the balance sheet as of June 30, 2019 and the related statement of profit or loss for the six month period then ended (the "Period").

At the end of the Period, the balance sheet amounts to EUR 522.9 million and the result of the Period shows a profit of EUR 5.7 million.

4finance S.A., a Luxembourg based company, presents its unaudited half-yearly financial report together with the half-yearly accounts for the six month period ending June 30, 2019.

The share capital of 4finance S.A. as at June 30, 2019 is EUR 100,000,000.

The Company is part of a group of companies ultimately owned by 4finance Group S.A. (collectively, the “Group”). The Group is one of Europe’s largest digital consumer lending groups and active in 16 countries globally. The Company lends to various entities within the Group to finance their operations. The Company is largely financed via bonds issued on European stock markets.

Important events from January 1, 2019 until June 30, 2019 and future developments

On February 1, 2019, 4finance S.A. Malta Branch was successfully closed. The Malta Branch has been inoperative since November 2017 when its loan portfolio was transferred to Luxembourg.

During the reporting period, the Company continued its lending activities to companies within the Group.

It is the intention of the management of the Company to continue to lend to companies within the Group to support their operations in the future.

Review and development of the Company’s business and financial position

Income for the period January 1, 2019 until June 30, 2019 amounted to EUR 33.0 million, compared with EUR 34.9 million for the same period in 2018. Since its incorporation, the Company has granted various loans to operating companies within the Group. The Company acts as a lender and all loans bear interest at various rates. Interest income for the period from January 1, 2019 until June 30, 2019 in relation with these loans amounted to EUR 27.7 million, compared to EUR 33.3 million for the same period in 2018.

As of June 30, 2019, the aggregate principal of the loans granted by the Company amounted to EUR 382.8 million and the related accrued interest amounted to EUR 82.9 million, compared to EUR 382.9 million and EUR 88.3 million, respectively, as at December 31, 2018.

In August 2014, the Company issued USD 200 million of 11,75% notes (the ‘2019 Notes’) which were listed on the Irish Stock Exchange and were senior to all of the Group’s future subordinated debt. The 2019 Notes matured in August 2019 and the Company repaid the remaining nominal amount of USD 68 million.

In May 2016, the Company issued EUR 100 million of 11,25% notes (the '2021 Notes') which are senior to all of the Group's future subordinated debt. The 2021 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further EUR 50 million of 2021 Notes were issued at par. The 2021 Notes will mature in May 2021 and are currently callable at 104%.

In April 2017, the Company issued USD 325 million of 10,75% notes (the '2022 Notes') which are listed on the Irish Stock Exchange and will mature in May 2022 and are currently callable at 105.4%.

The Company re-purchased USD 10 million of the issued '2022 Notes' in July 2018 and a further USD 15 million of the issued '2022 Notes' in December 2018.

In March 2019, the Company re-purchased USD 15 million of the issued '2022 Notes' and in April 2019, the Company re-purchased a further USD 5 million of the issued '2022 Notes'.

Currently the management do not intend to sell the re-purchased USD 45 million bonds from the issued '2022 Notes'.

During the Period, the Company generated a profit of EUR 5.7 million, compared to a loss of EUR 8.0 million for the six months ended June 30, 2018.

Principal risks and uncertainties

As part of the 4finance Group, the Company applies Group principles for overall risk management, and Group policies covering specific areas such as credit risk, liquidity risk, market risks, operational risks and reputational risks.

The principal risks and uncertainties of the Company relate to its main assets loans to affiliated companies. Recoverability of these loans is dependent on the performance of the underlying companies. The Company is not exposed to interest rate risk as the loans and the bonds issued are at fixed rates. These loans are denominated in various currencies. In addition, liabilities largely consist of bonds denominated in various currencies. The Company hedges this foreign currency risk through various financial instruments including swap and forward contracts.

Employees

The Company employed 2 employees during the Period.

Research and development

The Company does not undertake any research or development activities.

Corporate Governance

Strong corporate governance is an integral part of the Group's core values, supporting the Group's vision of moving towards a sustainable future.

The executive committee of the Group is composed of a team that works with the senior leaders across the Group to evaluate the importance of the core values throughout the Group by promoting and fostering a corporate culture of the highest ethical standards, internal controls, and legal compliance.

In compliance with Luxembourg Company Law, this Corporate Governance Statement is attached and constitutes an integral part of this report.

Capital structure of the Company / 4finance Group

The Company is part of the 4finance Group (the "Group") and is entirely held by AS 4finance (Latvia), a Latvian based company whose share capital is wholly owned by 4finance Holding S.A. ("Holdco"), a Luxembourg Société anonyme. The parent holding company of the Group and direct shareholder of Holdco is 4finance Group S.A. (Luxembourg). With a 100% shareholding in 4finance Group S.A., Tirona Limited (Cyprus) is the indirect shareholder of the Group, ultimately owned by significant ultimate beneficial owners: Vera Boiko (49%) (held in trust) and Edgars Dupats (29.5%), with remaining 21.5% owned by various minority shareholders, each holding less than 10%.

Corporate governance, management, and control of the Company is apportioned between the sole shareholder and the board of directors (the "Board"), in accordance with all relevant provisions of Luxembourg laws and in particular the law of August 10, 1915 on commercial companies, as amended (the "Luxembourg

laws”) so as the Company’s articles of association (the Articles of Association”). The Company does not apply additional requirements in addition to those required by the above.

Powers of the sole shareholder

The sole shareholder of the Company exercises all the powers granted by Luxembourg laws to the general meetings of shareholders, including (i) appointing and removing the directors (the “Directors”) and the statutory or independent auditor of the Company as well as setting their remuneration and discharging them from liability, as the case may be, (ii) approving the annual financial statements of the Company, (iii) amending the Articles of Association, (iv) deciding on the dissolution and liquidation of the Company, and (v) changing the nationality of the Company.

General Powers of the Directors / the Board

The Company is currently managed by a Board composed of two directors of category A and two directors of category B, approved by the Company’s sole shareholder. In accordance with Luxembourg laws, each Director may be removed by the sole shareholder at any time without cause.

Directors of each category are vested with the same individual powers and duties. Directors of category A are Luxembourg residents, whereas directors of category B are not Luxembourg residents and at the same time generally hold positions within the Group entities.

The Board is responsible for conducting and managing the business affairs of the Company in accordance with Luxembourg laws and the Articles of Association. The Board is convened as often as required in the Company’s interest.

The Directors participate in all discussions but may however not vote or deliberate on any items in which they have a conflict of interest. In such a case, the concerned Director(s) must declare the nature of such conflict, which declaration is recorded in the minutes of the meeting. Any conflicts of interest are further reported to the sole shareholder in accordance with Luxembourg laws.

The Board may delegate certain functions, but not their responsibility, to third parties, subject to the supervision and Directors, i.e. the managing directors(s), commit the management of the affairs of the Company to one or more Directors or give special powers for determined matters to one or more proxy holders.

In accordance with the Articles of Association, when composed of several categories of directors (as is currently the case), the Board is bound by the joint signatures of one Director of each category. Thus the “four eyes” principle is established.

Specific Powers of the Directors / the Board

– Financial Reporting Process

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company’s financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. The Board is obliged to maintain proper books and records as required by Luxembourg laws. These include appointing Company management to maintain the accounting records and prepare for review and approval by the Board and annual accounts providing a true and fair view of the financial situation and result of the Company. The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time the Board also examines and evaluates the external auditor’s performance, qualifications and independence.

– Risk Assessment

The Board is fully responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's Annual Accounts.

The risk appetite of the Company is set by the Board of Directors. In line with the principles of the 3 lines of defence, the Company has a governance process enabling the business to understand, assess and manage risks in accordance to its defined risk appetite. The Company ensures a formal process of regular portfolio reviews, enabling the identification of risks associated with the portfolio, the definition and implementation of any corrective action, whenever required, consistent with the risk/reward approach set by the Board.

– Monitoring

The Board is directly responsible for establishing a sound control environment.

The Board has an annual process to ensure that appropriate measures are taken to consider and address any shortcomings identified and measures recommended by the independent auditor(s).

The internal audit department of the Group currently reports directly to the Group's audit committee (the "Audit Committee") and regularly performs an independent assessment of the Group's processes. The assessment is designed to ensure that all key aspects of risk management are of a high quality.

The Audit Committee oversees the Group's financial reporting process to ensure the transparency and integrity of published financial information, the effectiveness of the Group's internal control and risk management systems, the effectiveness of the internal audit function, the effectiveness of independent audit processes including recommending the appointment and assessing the performance of the external auditor, and the effectiveness of the process for monitoring compliance with laws and regulations affecting financial reporting codes of business conduct (where applicable).

– Control Activities

The Board is responsible for designing and maintaining control structures to manage the risks which are significant for internal control over financial reporting. These control structures include appropriate divisions of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for all significant captions written in the Annual Accounts and related notes therein.

Important events since the balance sheet date

In August 2019, the issued '2019 Notes' which were listed on the Irish Stock Exchange reached the maturity date and the Company repaid the remaining nominal value of USD 68 million.

We recommend that you:

1. Approve the interim accounts as of June 30, 2019 as presented to you.

Luxembourg, September 25, 2019

On behalf of the Board of Directors



Paul Andrew Goldfinch

Category B director and Chairman of the Board of Directors

	Notes	30.06.2019	31.12.2018
ASSETS		EUR	EUR
A. Subscribed capital unpaid		—	—
I. Subscribed capital not called		—	—
II. Subscribed capital called but unpaid		—	—
B. Formation expenses		—	—
C. Fixed assets		4.252.475,85	—
I. Intangible fixed assets		—	—
II. Tangible assets		—	—
III. Financial assets	3	4.252.475,85	—
1. Shares in affiliated undertakings		—	—
2. Loans to affiliated undertakings		—	—
3. Participating interests		—	—
4. Loans to undertakings with which the Company is linked by virtue of participating interests		—	—
5. Investments held as fixed assets		4.252.475,85	—
6. Other loans		—	—
D. Current assets		518.572.306,92	535.278.345,65
I. Stocks		—	—
II. Debtors		471.041.256,22	481.090.295,76
2. Amounts owed by affiliated undertakings	4	469.898.327,95	476.173.201,27
a) becoming due and payable within one year		469.898.327,95	476.173.201,27
b) becoming due and payable after more than one year		—	—
4. Other debtors	5	1.142.928,27	4.917.094,49
a) becoming due and payable within one year		1.113.577,18	4.901.266,90
b) becoming due and payable after more than one year		29.351,09	15.827,59
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		47.531.050,70	54.188.049,89
E. Prepayments	6	108.668,48	57.840,76
TOTAL (ASSETS)		<u>522.933.451,25</u>	<u>535.336.186,41</u>

	Notes	30.06.2019	31.12.2018
		EUR	EUR
CAPITAL, RESERVES AND LIABILITIES			
A. Capital and reserves	7	35.579.405,11	29.867.113,70
I. Subscribed capital		100.000.000,00	100.000.000,00
II. Share premium and similar premiums		—	—
III. Revaluation reserve		—	—
IV. Reserves		51.865,70	51.865,70
1. Legal reserve		51.865,70	51.865,70
2. Reserve for own shares		—	—
3. Reserve provided for by the articles of association		—	—
4. Other reserves		—	—
V. Profit or loss brought forward		(70.184.752,00)	(76.356.674,02)
VI. Profit or loss for the financial year		5.712.291,41	6.171.922,02
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		487.354.046,14	505.469.072,70
1. Debenture loans		474.748.294,15	492.925.844,46
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	8	474.748.294,15	492.925.844,46
a) becoming due and payable within one year		68.772.630,84	68.651.919,48
b) becoming due and payable after more than one year		405.975.663,31	424.273.924,98
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		—	—
a) becoming due and payable within one year		—	—
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	12.001.109,64	12.098.861,42
a) becoming due and payable within one year		490.357,24	588.109,02
b) becoming due and payable after more than one year		11.510.752,40	11.510.752,40
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	604.642,35	444.366,82
a) Tax authorities		426.562,96	302.514,35
b) Social security authorities		—	—
c) Other creditors		178.079,39	141.852,47
i) becoming due and payable within one year		178.079,39	141.852,47
ii) becoming due and payable after more than one year		—	—
D. Deferred income			
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		<u>522.933.451,25</u>	<u>535.336.186,41</u>

	Notes	01.01.2019 -	01.01.2018 -
		30.06.2019	30.06.2018
PROFIT OR LOSS ACCOUNT		EUR	EUR
1. Net turnover		—	—
2. Variation in stocks of finished goods and work in progress		—	—
3. Work performed by the undertaking for its own purposes and capitalised		—	—
4. Other operating income		—	—
5. Raw materials and consumables and other external expenses	11	(1.052.445,69)	(1.420.699,52)
a) Raw materials and consumables		—	—
b) Other external expenses		(1.052.445,69)	(1.420.699,52)
6. Staff costs	12	(98.595,76)	(116.556,25)
a) Wages and salaries		(92.562,49)	(108.629,89)
b) Social security costs		(6.033,27)	(7.926,36)
i) relating to pensions		—	—
ii) other social security costs		(6.033,27)	(7.926,36)
c) Other staff costs		—	—
7. Value adjustments		—	—
a) in respect of formation expenses and of tangible and intangible fixed assets		—	—
b) in respect of current assets		—	—
8. Other operating expenses		—	—
9. Income from participating interests		—	—
a) derived from affiliated undertakings		—	—
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	13	33.017.178,50	34.988.004,51
a) derived from affiliated undertakings		27.793.616,38	33.383.980,36
b) other interest and similar income		5.223.562,12	1.604.024,15
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		—	—
14. Interest payable and similar expenses	14	(26.132.612,13)	(41.456.507,66)
a) concerning affiliated undertakings		(583.191,40)	(615.062,85)
b) other interest and similar expenses		(25.549.420,73)	(40.841.444,81)
15. Tax on profit or loss	15	(9.619,86)	(10.176,63)
16. Profit or loss after taxation		5.723.905,06	(8.015.935,55)
17. Other taxes not shown under items 1 to 16	15	(11.613,65)	(4.815,00)
18. Profit or loss for the financial period		<u>5.712.291,41</u>	<u>(8.020.750,55)</u>

NOTE 1 GENERAL INFORMATION

4finance S.A. – hereafter the “Company” – was incorporated on 6 December, 2012 as a “Société anonyme” within the definition of the Luxembourg Law of 10 August, 1915, as amended, on commercial companies for an unlimited period of time.

The Company is part of a group of companies ultimately owned by 4finance Group S.A. (collectively, the “Group”).

The Company’s registered office is established in Luxembourg.

The financial year of the Company runs from 1 January until 31 December, of each year.

The purpose of the Company is to finance the activities of 4finance Group S.A. and subsidiaries. The Company may in particular acquire by subscription, purchase, and exchange or in any other manner any stock, shares and other securities, bonds, debentures, certificates of deposit and other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships. It may participate in the creation, development, management and control of any company or enterprise. It may further 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 in any form. It may issue notes, bonds and debentures and any kind of debt which may be convertible and/or equity securities. 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 favor 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 utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly further or relate to its purpose.

The Company is not required to prepare consolidated accounts as it is not a parent company according to Article 309 of the Luxembourg Law of 10 August, 1915, as amended, on commercial companies.

The Company is included in the consolidated accounts of 4finance Group S.A. RCS Luxembourg: B195.643, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of 4finance Group S.A. is 8-10 Avenue de la Gare, L-1610, Grand Duchy of Luxembourg, where the consolidated accounts are available. Hereinafter 4finance Group S.A. and its subsidiaries in Europe (incl. the Company), North America and South America together are referred as the 4finance Group.

The Company is included in the consolidated accounts of 4finance Holding S.A. RCS Luxembourg: B171.059, forming the smallest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of 4finance Holding S.A. is 8-10 Avenue de la Gare, L-1610, Grand Duchy of Luxembourg, where the consolidated accounts are available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General principles

The Company maintains its books and records in Euro (“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.

Main valuation rules

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

Debtors

Debtors are stated at their nominal value.

A value adjustment is recorded when the recoverable value is lower than the nominal value. The realizable value is estimated on the basis of the information available to the Board of Directors. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Derivative financial instruments

The Company is engaged in hedging activities, in particular the hedging of foreign currency exposure. Derivative financial instruments are initially recorded at cost. In the case of hedging of an asset or a liability that is not recorded at fair value, unrealized gains or losses are deferred until the recognition of the realized gains or losses on the hedged item.

Margin requirements of the hedge deals are accounted in other debtors.

Financial assets

Long term investments into debt instruments are disclosed under item Investments held as fixed assets. Investments in bonds are valued at cost unless there is an impairment. A short term decrease in market value is not recorded. Unrealized losses in profit or loss statement are recognized when loss signs of a permanent impairment. Unrealized gains are not considered.

Foreign currency translation

The Company maintains its accounting records in EUR and the annual accounts are prepared in this currency. Transactions made in another currency than EUR are translated into EUR at the exchange rate prevailing at the transaction date.

- cash and cash equivalents are valued at the exchange rate applicable at the balance sheet date, considering exchange rate differences as realized;
- all other assets expressed in another currency than EUR are valued individually at the lower of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date;
- all liabilities expressed in another currency than EUR are valued individually at the higher of the value determined using the historical exchange rate or the value determined using the exchange rate prevailing at the balance sheet date;
- income and expenses expressed in currencies other than EUR are converted at the exchange rate applicable at the date of the transactions.

Consequently only realized foreign exchange gains and losses and unrealized foreign exchange losses are taken into account in the profit or loss account.

Prepayments

This asset item includes payments incurred during the financial year but relating to a expenditure 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 the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined, and 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 are recorded under the caption "Other creditors".

NOTE 3 FINANCIAL ASSETS

The investments held as fixed assets represents part of the liquidity that the Company has invested in high-grade liquid long term bonds. The portfolio consists of diversified investments where each is not higher than USD 0.5 million.

NOTE 4 AMOUNTS OWED BY AFFILIATED UNDERTAKINGS

	a) Becoming due and payable within one year	b) Becoming due and payable after more than one year	Total 30.06.2019 EUR	Total 31.12.2018 EUR
Principal of the loans granted	382.849.414,16	—	382.849.414,16	382.874.930,49
Accrued interest	82.857.343,41	—	82.857.343,41	88.255.306,80
Other receivables	4.191.570,38	—	4.191.570,38	5.042.963,99
Total	469.898.327,95	—	469.898.327,95	476.173.201,27

Since its incorporation, the Company granted various loans to the operating entities of the Group. The Company acts as a lender and all the loans bear interest at various rates. However, prior to maturity, the lender may request the repayment of the loan or the borrower may repay it at any time.

Other receivables mainly consist of compensation invoices for received services.

NOTE 5 OTHER DEBTORS

	a) Becoming due and payable within one year	b) Becoming due and payable after more than one year	Total 30.06.2019 EUR	Total 31.12.2018 EUR
Foreign exchange hedging - margin requirements	1.088.594,53	—	1.088.594,53	4.901.266,90
Interest receivable from investment in bonds	24.982,65	—	24.983	—
Receivable from tax and social security	—	29.351,09	29.351,09	15.827,59
Total	1.113.577,18	29.351,09	1.142.928,27	4.917.094,49

As of June 30, 2019, the Company had the following foreign exchange hedge contracts outstanding:

Currency	Amount purchased	Currency	Amount sold	Maturity date	Fair value EUR	Variation recorded in profit or loss account EUR
USD	40 000 000.00	EUR	35 298 270.38	22.05.2019	—	(408.510,41)
USD	40 000 000.00	EUR	35 096 955.34	22.05.2019	—	(408.510,41)
USD	80 000 000.00	EUR	69 979 006.30	22.05.2019	—	(817.020,83)
USD	6 050 000.00	EUR	5 000 000.00	22.05.2019	—	(61.787,20)
USD	20 000 000.00	EUR	24 494 000.00	22.05.2019	—	(204.255,21)
EUR	60 000 000.00	PLN	259 218 000.00	31.07.2019	(990 447.00)	(2.012.027,63)
USD	6 050 000.00	EUR	5 398 893.45	09.08.2019	(54 566.00)	—
USD	2 963 000.00	EUR	2 213 175.98	14.08.2019	408 851.00	—
EUR	35 000 000.00	PLN	150 206 000.00	12.09.2019	(255 670.00)	—
USD	80 000 000.00	EUR	71 010 118.94	31.10.2019	(799 310.00)	—
USD	80 000 000.00	EUR	70 934 562.87	18.11.2019	(782 523.00)	—
USD	24 494 000.00	EUR	21 364 151.77	26.06.2020	(225 452.00)	—
USD	46 528 000.00	EUR	40 000 000.00	29.04.2022	1 779 943.00	—
USD	46 476 000.00	EUR	40 000 000.00	29.04.2022	1 777 241.00	—
	567 561 000.00		830 213 135.02		858 067.00	(3.912.111,69)

NOTE 6 PREPAYMENTS

	Total 30.06.2019 EUR	Total 31.12.2018 EUR
Surveillance fee	66.495,00	29.006,25
Subscription fees	16.232,20	9.921,94
Legal fees	17.556,28	9.357,57
Consultancy fee	8.190,00	8.190,00
Listing fee	195,00	1.365,00
	108.668,48	57.840,76

NOTE 7 CAPITAL AND RESERVES

Subscribed capital

As of June 30, 2019 subscribed capital amounted to EUR 100.000.000,00, represented by 100.000.000,00 shares of nominal value of EUR 1.00 each. The share capital is fully paid up.

	30.06.2019 EUR	Number of Shares
Subscribed capital - opening balance	100.000.000,00	100.000.000
Subscriptions for the period	—	—
Redemptions for the period	—	—
Subscribed capital - closing balance	100.000.000,00	100.000.000

Legal reserve

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.

Movements for the year on reserves

	Legal reserve	Reserve for own shares	Other reserves	Total
As at the beginning of the year 2019	51.865,70	—	—	51.865,70
Allocation of the prior year's result:	—	—	—	—
Appropriation to the legal reserve	—	—	—	—
Dividend distribution	—	—	—	—
Other movements	—	—	—	—
Result for the period	—	—	—	—
As at 30.06.2019	51.865,70	—	—	51.865,70

Movements for the year on profit/loss items

	Profit or loss brought forward	Profit or loss for the financial year	Total
As at the beginning of the year 2019	(76.356.674,02)	6.171.922,02	(70.184.752,00)
Allocation of the prior year's result:	6.171.922,02	(6.171.922,02)	—
Appropriation to the legal reserve	—	—	—
Dividend distribution	—	—	—
Other movements	—	—	—
Result for the period	—	5.712.291,41	5.712.291,41
As at 30.06.2019	(70.184.752,00)	5.712.291,41	(64.472.460,59)

NOTE 8 DEBENTURE LOANS

b) Non-convertible loans

Loan provider/ type of loan	Currency	Maturity	Interest rate	Principal amount EUR		Accrued interest EUR	
				30.06.2019	31.12.2018	30.06.2019	31.12.2018
Notes:							
2019 Notes	USD	Aug 2019	11.75%	60.011.423,55	59.644.541,48	2.691.618,14	2.647.554,91
2021 Notes	EUR	May 2021	11.25%	149.800.000,00	149.800.000,00	1.683.953,79	1.724.046,96
2022 Notes	USD	May 2022	10.75%	256.175.663,31	274.473.924,98	4.385.635,36	4.635.776,12
				465.987.086,86	483.918.466,46	8.761.207,29	9.007.378,00

In August 2014, the Company issued USD 200 million of 11,75% notes (the '2019 Notes') which were listed on the Irish Stock Exchange and were senior to all of the Group's future subordinated debt. The 2019 Notes matured in August 2019 and the Company repaid the remaining nominal amount of USD 68 million.

In May 2016, the Company issued EUR 100 million of 11,25% notes (the '2021 Notes') which are senior to all of the Group's future subordinated debt. The 2021 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further EUR 50 million of 2021 Notes were issued at par. The 2021 Notes will mature in May 2021 and are currently callable at 104%.

In April 2017, the Company issued USD 325 million of 10,75% notes (the '2022 Notes') which are listed on the Irish Stock Exchange and will mature in May 2022 and are currently callable at 105.4%.

The Company re-purchased USD 10 million of the issued '2022 Notes' in July 2018 and a further USD 15 million of the issued '2022 Notes' in December 2018.

In March 2019, the Company re-purchased USD 15 million of the issued '2022 Notes' and in April 2019, the Company re-purchased a further USD 5 million of the issued '2022 Notes'.

Currently the management do not intend to sell the re-purchased USD 45 million bonds from the issued '2022 Notes'.

	i) Becoming due and payable within one year	ii) Becoming due and payable after more than one year	Total 30.06.2019 EUR	Total 31.12.2018 EUR
Bonds	60.011.423,55	405.975.663,31	465.987.086,86	483.918.466,46
Bond coupons	8.761.207,29	—	8.761.207,29	9.007.378,00
Total	68.772.630,84	405.975.663,31	474.748.294,15	492.925.844,46

As at June 30, 2019 no debts are due after more than three years.

NOTE 9 AMOUNTS OWED TO AFFILIATED UNDERTAKINGS

	a) Becoming due and payable after less than one year	b) Becoming due and payable after more than one year	Total 30.06.2019 EUR	Total 31.12.2018 EUR
4SPAR AB	92.202,09	11.510.752,40	11.602.954,49	11.615.585,59
4finance AS	398.155,15	—	398.155,15	483.275,84
Total	490.357,24	11.510.752,40	12.001.109,64	12.098.861,42

The amounts owed to affiliated undertakings correspond to:

In April 2016, the Company entered into a long term loan agreement with Group company 4Spar AB, reg. code: 556862-8563, legal address: Hammarby Alle 47, 120 30 Stockholm. The lender granted a loan repayable in April 2016 with maximum amount SEK 100 million and interest rate 11.75% per year. Principal and interest payable totalled EUR 11.510.752,40 and EUR 92.202,09 respectively as at June 30, 2019.

EUR 398.155,15 represents amounts owed to 4finance AS for services related to IT system administration, telecommunication costs and management fee.

NOTE 10 OTHER CREDITORS

Other creditors consist of:

- Tax and social security debts amounting to EUR 426.562,96 (2018: EUR 302.514,35)
- Other creditors, as follows:

	i) Becoming due and payable after less than one year	ii) Becoming due and payable after more than one year	Total 30.06.2019 EUR	Total 31.12.2018 EUR
Other creditors	178.079,39	—	178.079,39	141.852,47
Total	178.079,39	—	178.079,39	141.852,47

Other creditors mainly consist amounts owed to financial advisors, lawyers and auditors.

NOTE 11 OTHER EXTERNAL EXPENSES

	01.01.2019- 30.06.2019 EUR	01.01.2018- 30.06.2018 EUR
Management and consulting fees	551.535,29	946.704,75
Other professional fees	137.482,58	206.847,32
Bank fees	110.258,88	42.658,85
Legal fees	100.134,39	178.660,26
Directors fees	49.531,13	—
Audit and accounting fees	40.909,91	27.138,29
Tax advisory fees	34.830,90	11.936,81
Rental charges	21.899,83	6.753,24
Administration fees	4.501,96	—
IT expenses	1.360,82	—
Total	1.052.445,69	1.420.699,52

Other professional fees includes: credit rating services and market research services.

NOTE 12 STAFF COSTS

	01.01.2019- 30.06.2019 EUR	01.01.2018- 30.06.2018 EUR
Wages and salaries	92.562,49	108.629,89
Social security costs	6.033,27	7.926,36
Total	98.595,76	116.556,25

The Company employed two employees during the Period.

NOTE 13 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
	EUR	EUR
a) Derived from affiliated undertakings	27.793.616,38	33.383.980,36
b) Other interest and similar income	5.223.562,12	1.604.024,15
Total	<u>33.017.178,50</u>	<u>34.988.004,51</u>

Other interest and similar income mainly consists of gains from derivative agreements in amount of EUR 3.912.111,69 and realized exchange gains.

The position also includes interest from bank deposit amounting to EUR 42.707,35.

NOTE 14 INTEREST PAYABLE AND SIMILAR EXPENSES

	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
	EUR	EUR
Interest expense on bonds	24.840.651,54	26.199.230,89
Loss on exchange differences	708.769,19	14.641.663,92
Interest expense concerning affiliated undertakings	583.191,40	615.062,85
Penalties	—	550,00
Total	<u>26.132.612,13</u>	<u>41.456.507,66</u>

NOTE 15 TAXES

The Company is subject to the general tax regulation applicable to commercial companies residing in Luxembourg. The Company was formerly liable to relevant taxes in Malta through its Malta Branch.

The tax charges consist of the following:

Tax on profit or loss

	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
	EUR	EUR
Corporate Income Tax Luxembourg	9.619,86	10.167,57
Malta tax on Malta Branch revenue	—	9,06
	<u>9.619,86</u>	<u>10.176,63</u>

Other taxes

	01.01.2019- 30.06.2019	01.01.2018- 30.06.2018
	EUR	EUR
Net Wealth Tax	4.815,00	4.815,00
Foreign taxes	6.798,65	0,00
	<u>11.613,65</u>	<u>4.815,00</u>

NOTE 16 ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT

During the year ended June 30, 2019, the Company did not grant any loans to the board of directors (2018: nil)

NOTE 17 EMOLUMENTS AND COMMITMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT

During the six months ended June 30, 2019 the Company did not grant any emoluments to the board of directors nor were any commitments arisen in respect of retirement pensions for former members of those bodies.

NOTE 18 IMPORTANT EVENTS SINCE THE BALANCE SHEET DATE

In August 2019, the issued '2019 Notes' which were listed on the Irish Stock Exchange reached the maturity date and the Company repaid the remaining nominal value of USD 68 million.

Statement of Management

The Management of 4finance S.A. is responsible for the preparation of the condensed interim financial statements of 4finance S.A.

The condensed interim financial statements are prepared on a going concern basis. The applicable set of accounting standards, provisions of the law of December 18, 2015 on annual and consolidated accounts and the grand-ducal regulation of December 18, 2015 on the layout of balance sheet and profit or loss accounts, amending the law of December 19, 2002, have been followed in the preparation of these condensed interim financial statements.

To the best of Management's knowledge, the condensed interim financial statements present a true and fair view of the assets, liabilities, financial position and profit or loss of 4finance S.A. as at June 30, 2019 and December 31, 2018 and the results of their operations, changes in shareholders' equity for the six month periods ended June 30, 2019 and June 30, 2018.

The management report set out on pages 3 to 7 presents a fair review of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, as well as the principal risks and uncertainties for the remaining six months of the financial year.

These statements are provided according to the applicable Luxembourg Law on Transparency Requirements for Issuers.

On behalf of the Board of Directors



Paul Andrew Goldfinch

Category B director and Chairman of the Board of Directors