4finance ApS

Vesterbrogade 149, 1. b9, 1620 København V

Company reg. no. 32 55 78 64

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 21 June 2024.

Jesper Dal Thrane
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of 4finance ApS for the financial year 1 January - 31 December 2023.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2023 and of the company’s results of activities in the financial year 1 January – 31 December 2023.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

København V, 14 June 2024

Managing Director

Jesper Dal Thrane

Board of directors

Kieran Patrick Donnelly Chairman	Anton Metochkin

Independent auditor's report

To the Shareholders of 4finance ApS

Opinion

We have audited the financial statements of 4finance ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management 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 in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 auditor's report 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 14 June 2024

Grant Thornton
Certified Public Accountants
Company reg. no. 34 20 99 36

Steen K. Bager
State Authorised Public Accountant
mne28679

Company information

The company	4finance ApS Vesterbrogade 149, 1. b9 1620 København V	
	Company reg. no.	32 55 78 64
	Established:	28 October 2009
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Kieran Patrick Donnelly, Chairman Anton Metochkin	
Managing Director	Jesper Dal Thrane	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	

Management´s review

The principal activities of the company

The principal activity of the Company is providing credit facilities to private individuals and all related business in context hereto.

Development in activities and financial matters

4finance ApS decided to cease offering and issuing consumer loans with effect from 1st of February 2022. 4finance ApS will continue to carry out consumer loan business in relation to its existing loan portfolios.

We have reported a pre-tax net-profit of DKK 5.888.394 in 2023, an decrease compared to 2022. Our outstanding portfolio has decreased due to the stop of issuance of loans in 2022.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**9.553.746**	**17.248.232**
1	Staff costs	-3.461.616	-6.441.769
	Depreciation and impairment of property, land, and equipment	-58.913	-718.967
	Operating profit	**6.033.217**	**10.087.496**
	Other financial income	938	2.464
2	Other financial costs	-145.761	-585.287
	Pre-tax net profit or loss	**5.888.394**	**9.504.673**
	Tax on net profit for the year	-1.180.020	-2.142.603
	Net profit or loss for the year	**4.708.374**	**7.362.070**
	Proposed distribution of net profit:		
	Extraordinary dividend distributed during the financial year	28.000.000	0
	Transferred to retained earnings	0	7.362.070
	Allocated from retained earnings	-23.291.626	0
	Total allocations and transfers	**4.708.374**	**7.362.070**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
	Land and property	0	57.824
	Other plants, operating assets, and fixtures and furniture	3.768	2.660
	Total property, plant, and equipment	3.768	60.484
	Total non-current assets	**3.768**	**60.484**
	Current assets		
	Loan receivables	4.129.895	15.705.917
	Deferred tax assets	30.848	53.861
	Other receivables	9.884.331	793.043
	Prepayments and accrued income	158.262	100.691
	Total receivables	14.203.336	16.653.512
	Cash and cash equivalents	7.609.410	26.263.591
	Total current assets	**21.812.746**	**42.917.103**
	Total assets	**21.816.514**	**42.977.587**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2023	2022
	Equity		
	Share capital	1.466.000	1.466.000
	Retained earnings	7.155.847	30.447.473
	Total equity	**8.621.847**	**31.913.473**
	Provisions		
	Other provisions	0	2.000.000
	Total provisions	**0**	**2.000.000**
	Liabilities other than provisions		
	Current portion of long term payables	0	55.504
	Trade payables	491.406	1.261.859
	Payables to subsidiaries	789.957	695.564
	Income tax payable	1.097.382	2.114.112
	Other payables	10.676.195	3.874.573
	Accruals and deferred income	139.727	1.062.502
	Total short term liabilities other than provisions	13.194.667	9.064.114
	Total liabilities other than provisions	**13.194.667**	**9.064.114**
	Total equity and liabilities	**21.816.514**	**42.977.587**
3	**Charges and security**		
4	**Contingencies**		
5	**Related parties**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2023	1.466.000	30.447.473	31.913.473
Profit or loss for the year brought forward	0	-23.291.626	-23.291.626
Extraordinary dividend adopted during the financial year	0	28.000.000	28.000.000
Distributed extraordinary dividend adopted during the financial year.	0	-28.000.000	-28.000.000
	1.466.000	**7.155.847**	**8.621.847**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	2.737.536	5.160.284
	Pension costs	331.200	563.408
	Other staff costs	392.880	718.077
		3.461.616	**6.441.769**
	Average number of employees	3	

		2023	2022
2.	**Other financial costs**		
	Financial costs, group enterprises	0	351.000
	Other financial costs	145.761	234.287
		145.761	**585.287**

Notes

All amounts in DKK.

3. Charges and security

The company has jointly signed the guarantee for the below stated bonds issued by 4finance S.A., Luxembourg:

Issuer	Amount issued	Maturity	Coupon	Listing
4finance S.A	EUR 175.000.000	October 2026	10,75 %	Oslo Stock Exschange
4finance S.A.	EUR 135.000.000	May 2028	11,25 %	Frankfurt Stock Exchange

4. Contingencies

Contingent liabilities

In result of tax audit finished in FY2022 the Tax authorities have issued two decisions on tax assessment. The Company has appealed the respective decisions to Danish Tax Agency. Although the tax assessments represent significant amount for the Company and, thus, could have substantive impact on the Company`s financial position in case of materialisation, the Company`s management (supported also by tax and legal professional advisors) believes that decision of Danish Tax Agency shall be positive for the Company. As a result, no tax provisions are recognized in Company`s books, however, the respective matter is included as a contingent liability.

5. Related parties

Controlling interest

AS 4finance — Majority shareholder

Street Lielirbes 17A-46 , Riga LV-1046, Latvia

Accounting policies

The annual report for 4finance ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit
Pursuant to section 32 of the Danish Financial Statements Act, the Company has chosen to aggregate the items revenue and other external expenses in the item gross profit/gross loss.

Revenue comprises interest and fees related to loans. Income is accrued over the periods to which it relates and is included in the income statement at the amounts relating to the accounting period concerned.

Other expenses comprise expenses for sale, write-down of loan receivables, office premises and administration.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

Other external costs comprise costs for sales, advertisement, administration, premises and operational leasing costs.

Staff costs
Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment
Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year
Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings (Rigth-of-use assets)	Over the term of the contract
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

The enterprise will be applying IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the enterprise has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability

- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the enterprise's remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the enterprise expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the enterprise's borrowing rate is applied as discount rate.

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

The interest element of the lease payments is recognised in the income statement over the contractual term.

The following leases are not recognised as assets and liabilities in the statement of financial position:

- Leases with a duration of twelve months or less (short leases)
- Leases where the replacement value of the asset is less than DKK 30,000. (low-value assets)

For such leases, the lease payment is recognised in the income statement as an expense on a linear basis over the lease term.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

To counter expected losses, writedown is done to net realisable value. The enterprise will be applying IFRS 9 as the basis of interpretation for the recognition of impairment of financial assets, meaning that an expected loss must be included at initial recognition of the receivable.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.