

4FINANCE REPORTS PRELIMINARY RESULTS FOR THE TWELVE MONTH PERIOD ENDING 31 DECEMBER 2015

REVENUE UP 44%, NET PROFIT UP 38% REFLECTING STRONG VOLUME GROWTH ACROSS THE BUSINESS

Riga, Latvia, 29 February 2016. 4finance Holding S.A. (the 'Group'), one of Europe's largest online and mobile consumer lending groups, today announces unaudited consolidated results for the twelve months ended 31 December 2015 (the 'Period').

Financial Highlights

- Revenue up 44% to EUR 318.3 million in the Period compared with EUR 220.8 million in the year ended 31 December 2014.
- The Group's profit for the twelve months to 31 December 2015 was EUR 64.0 million, an increase of 38% from EUR 46.3 million in 2014.
- Net loan portfolio as of 31 December 2015 was EUR 309.2 million, up 28.1% from a year ago.
- Cost to revenue ratio for the Period was 42%, vs. 37% for the twelve months ended 31 December 2014.
- Financial strength enhanced with a capital-to-assets ratio of 38% as of 31 December 2015 (35% as of 31 December 2014).
- Credit discipline maintained with non-performing loans to loan issuance ratio of 9.0% as of 31 December 2015 (8.8% as of 31 December 2014).
- EBITDA was EUR 109.9 million for the Period, leading to an adjusted interest coverage ratio of 4.2x.

Operational Highlights

- Total number of registered customers reached 4.63 million as of 31 December 2015, up 39% from a year ago.
- A total of EUR 1,062 million in loans were issued during the Period, up 32% compared with EUR 805 million in 2014.
- Opened in four new countries in 2015: Argentina, Armenia, Mexico and Romania.
- Continued growth of Instalment loans, now 34% of performing loan portfolio, set to continue in 2016.
- Successful pilot of Line of Credit product in Finland, being rolled out to further markets.
- Enhanced management team, with new Chief Marketing and Chief Risk Officers joining in 2015.
- Seeing benefits of new technology deployments with improved conversion rates on redesigned product websites, efficiencies delivered by marketing technology and more predictive and flexible risk scoring models.

Kieran Donnelly, CEO of 4finance, commented:

"This strong performance in 2015, with revenue up 44% and profit up 38% to EUR 64.0 million, reinforces our track record of profitable growth that has seen a 35% compound annual increase in profit over the past three years. We provided over one billion Euros of credit to our customers in 2015 and just last month issued our 10 millionth loan - both milestones underline the scale of the 4finance business and the volume of our proprietary data.

"Our existing European businesses performed well in 2015, with countries like Spain, Georgia and the Czech Republic showing the returns from our initial investments there 2-3 years ago. Similarly, our new operations in Latin America are expected to contribute meaningfully to volumes this year, and then be drivers of profitability from 2017 onwards.

"As a responsible lender, we are supportive of the regulatory consultations and developments in several of our markets and have worked hard to adapt our products where necessary. We were pleased to re-start lending in Lithuania in January and view full compliance with regulation as a critical part of a sustainable business.

"We invested heavily in our technology platform and our people in 2015 and continue to do so given the scale of opportunity we see for growth - both organic and via acquisitions - in building a global leader in digital consumer finance."

Key Financial Ratios

	As of / 12 months to 31 December		
	2015	2014	2013
Net loan portfolio (in millions of EUR) ⁽¹⁾	309.2	241.4	177.9
Capital/assets ratio ⁽²⁾	38%	35%	29%
Capital/net loan portfolio ⁽³⁾	56%	47%	37%
Adjusted interest coverage ⁽⁴⁾	4.2x	3.7x	4.6x
Profit before tax margin ⁽⁵⁾	23%	27%	35%
Return on average equity ⁽⁶⁾	41%	54%	82%
Cost/revenue ratio ⁽⁷⁾	42%	37%	38%
Net impairment to revenue ratio ⁽⁸⁾	25%	25%	18%
Non-performing loans to loan issuance ratio ⁽⁹⁾	9.0%	8.8%	9.2%

Notes:

- (1) Gross loan portfolio less provisions for bad debts.
- (2) Total equity/total assets (excluding the effect from the 2015 Notes' defeasance for 2014)
- (3) Total equity/net loan portfolio.
- (4) Adjusted EBITDA/interest expense.
- (5) Profit before tax/interest income.
- (6) Profit from continuing operations/average equity (total equity as of the start and end of each period divided by two).
- (7) General administrative expenses/interest income.
- (8) Net impairment losses on loans and receivables/interest income.
- (9) Non-performing loans with a delay of over 90 days/value of loans issued. The value of loans issued represents loans issued for the two-year period before commencement of the 90 day past-due period, eg for 31 December 2015: 1 October 2013 to 30 September 2015.

Contacts

Email: investorrelations@4finance.com
HQ Address: Lielirbes iela 17a-8, Riga, LV-1046, Latvia
Website: www.4finance.com

Conference call

A conference call with management to discuss these results is scheduled for **Tuesday, March 1 at 16:00 UK time**. To register, please visit www.4finance.com/investors.

About 4finance

Established in 2008, 4finance is one of the largest and fastest growing online and mobile consumer lending groups in Europe with operations in 14 countries. Putting innovative data-driven analysis into all aspects of the business, 4finance has grown rapidly, issuing over EUR 3 billion in single payment and instalment loans to date.

4finance operates through a portfolio of market leading brands with strong regional presence including Vivus, SMSCredit and Zaplo. A responsible lender, offering simple, convenient and transparent products and service, 4finance is meeting growing customer demand from those under-served by conventional lending.

4finance is headquartered in Riga, Latvia and currently operates in Argentina, Armenia, Bulgaria, the Czech Republic, Denmark, Finland, Georgia, Latvia, Lithuania, Mexico, Poland, Romania, Spain and Sweden. To support its international expansion, 4finance continues to pursue a twin-track strategy of strong organic growth bolstered by targeted acquisition.

Forward looking statements

Certain statements in this document are "forward-looking statements". These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements.

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit and loss for the twelve months ended 31 December 2015 and 31 December 2014.

	12 months to 31 December		
	2015 (unaudited)	2014 (audited)	% change
	<i>(in millions of EUR)</i>		
Interest income	318.3	220.8	44 %
Interest expense	(28.7)	(23.8)	21 %
Net interest income	289.6	197.1	47%
Net impairment losses on loans and receivables	(78.9)	(54.2)	46 %
General administrative expenses	(133.9)	(81.1)	65 %
Other income/(expense)	(2.3)	(1.9)	21 %
Profit before tax	74.5	59.9	24%
Corporate income tax for the reporting period	(15.6)	(11.6)	34 %
Profit from continuing operations	58.9	48.3	22%
Profit from discontinued operations, net of tax	5.1	(2.0)	n/a
Profit for the period	64.0	46.3	38%

Interest income

The table below shows key drivers of interest income, or revenue, *i.e.* business volumes and interest rates.

	12 months to 31 December		
	2015	2014	% change
	<i>(in millions of EUR)</i>		
Total value of loans issued	1,062.3	804.6	+32%
Average net loan portfolio	275.3	209.7	+31%
Average interest rate on loans to customers	116%	105%	

Interest income, or revenue, for the Period was EUR 318.3 million, a 44% increase compared with EUR 220.8 million for the twelve months ended 31 December 2014. This reflects the 31% increase in the average balance of the net loan portfolio and the 11 percentage point increase in average interest rate. The value of loans issued increased across the majority of our markets, and higher growth continues to be seen in Poland, Georgia and Spain, where interest rates are also typically higher.

Interest expense

Interest expense for the Period was EUR 28.7 million, a 21% increase compared with EUR 23.8 million for the twelve months ended 31 December 2014. This increase is mainly due to the USD 200 million bond issuance in August 2014, SEK 225 million bond issued in March 2015 and SEK 150 million additional issue in September 2015. The average balance of the Group's indebtedness in the Period increased to EUR 235.3 million from EUR 180.4 million, with an average interest rate of 12.2%, a slight improvement on the prior year.

Net impairment losses on loans and receivables

Net impairment losses for the Period were EUR 78.9 million, a 46% increase compared with EUR 54.2 million for the twelve months ended 31 December 2014. The increase in net impairment losses primarily reflects the expansion of the Group's portfolio in both existing and new jurisdictions, as well as its application of prudent, conservative impairment policies. Net impairment losses represented 25% of interest income, the same ratio as last year.

General administrative expenses

General administrative expenses reported for the Period were EUR 133.9 million, a 65% increase compared with EUR 81.1 million reported for the twelve months ended 31 December 2014. The Group continued its significant investment across the business in the fourth quarter to support future growth. The increase in personnel costs was mainly attributable to hiring in product development, IT, risk, legal and finance. Marketing campaigns were used to maintain leading positions in existing markets. The Group has also

been investing in its IT platforms to ensure the appropriate infrastructure is in place to support the development of the business. Legal and consulting expense and other costs include certain one-off items related to the evaluation of potential acquisitions and funding opportunities.

The table below sets out a breakdown of the Group's general administrative expenses.

	12 months to 31 December	
	2015	2014
	<i>(in millions of EUR)</i>	
Marketing and sponsorship	50.1	34.2
Personnel costs	39.4	23.1
IT expenses	11.2	3.5
Legal and consulting	7.5	3.8
Debt collection costs	7.0	3.8
Application inspection costs	4.0	3.7
Rent and utilities	2.5	1.5
Depreciation and amortization	1.6	0.9
Other	10.6	6.6
Total	133.9	81.1

For 2015 and 2014, marketing and sponsorship costs accounted for 37% and 42% respectively, and personnel costs accounted for 29% and 28%, respectively, of general administrative expenses.

Variable costs (*i.e.*, all marketing and sponsorship costs, personnel costs, application inspection costs, IT expenses, debt collection costs, communication expenses and bank services) accounted for 89% of total administrative costs in both 2015 and 2014. Such costs strongly correlate to movements in loan sales.

Other income/(expense)

Other expense for the Period amounted to EUR 2.3 million. For the twelve months ended 31 December 2014, other expense was EUR 1.9 million. The increase in other expense was mainly due to foreign exchange losses from a weaker Euro, although the effect was largely mitigated by the Group's hedging positions.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was EUR 74.5 million, a 24% increase compared with EUR 59.9 million for the twelve months ended 31 December 2014. The profit before tax margin, *i.e.*, profit before tax as a percentage of interest income, was 23% for the Period and 27% for the twelve months ended 31 December 2014.

Corporate income tax

The Group's corporate income tax expense increased by 34% to EUR 15.6 million for the Period, compared with EUR 11.6 million for the twelve months ended 31 December 2014.

The table below sets out a breakdown of the Group's corporate income tax for the Period and 2014.

	12 months to 31 December	
	2015	2014
	<i>(in millions of EUR)</i>	
Current tax	20.2	18.4
Deferred tax	(4.6)	(6.8)
Total	15.6	11.6

For 2015 and 2014, the Group's effective tax rate was 21% and 19% respectively.

Profit from continuing operations

For the reasons stated above, the Group's profit from continuing operations for the Period was EUR 58.9 million, a 22% increase compared with EUR 48.3 million for the twelve months ended 31 December 2014.

Profit from discontinued operations, net of tax

In connection with the discontinuation of operations in Estonia and decisions to sell the Russia, United Kingdom and North America business segments, the results of operations in these segments were reflected separately as discontinued operations in the consolidated statement of profit and loss for the Period. For the full year 2014, the United Kingdom, North America and Russia business segments were reflected separately as discontinued operations.

For the Period, the Group recorded a profit from discontinued operations, net of tax, of EUR 5.1 million, compared with a loss of EUR 2.0 million for the twelve months ended 31 December 2014.

Profit for the period

For the reasons stated above, profit for the Period was EUR 64.0 million, a 38% increase compared with EUR 46.3 million for the twelve months ended 31 December 2014.

Other financial data – EBITDA and Adjusted EBITDA

	As of 31 December		
	2015	2014	2013
	<i>(in millions of EUR)</i>		
Profit for the period	64.0	46.3	35.8
Provision for corporate income tax	15.6	11.6	8.5
Interest expense	28.7	23.8	15.4
Depreciation and amortization	1.6	0.9	0.7
EBITDA	109.9	82.6	60.4
Adjustments	9.6	5.6	10.8
Adjusted EBITDA ⁽¹⁾	119.5	88.2	71.2

Note:

- (1) Adjusted EBITDA is a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items as outlined in the Offering Memorandum of the 2019 Notes. Adjusted EBITDA, as presented in this report, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated.

Balance Sheet

The table below sets out the Group's condensed consolidated statement of its financial position.

	31 December 2015 (unaudited)	31 December 2014 (audited)
	<i>(in millions of EUR)</i>	
Cash and cash equivalents	56.9	33.7
Loans and advances due from customers	309.2	241.4
Assets held for sale	—	4.4
Property and equipment	4.3	2.1
Intangible assets	18.0	2.8
Deferred tax asset	15.4	10.7
Current tax assets	5.5	4.7
Financial instruments at fair value through profit or loss	10.6	18.6
Prepaid expenses	2.7	3.3
Other assets	28.6	48.3
Total assets	451.2	370.0
Loans and borrowings	239.1	231.6
Liabilities held for sale	—	0.7
Corporate income tax payable	7.6	6.4
Provisions	2.4	—
Other liabilities	29.4	17.3
Total liabilities	278.5	256.0
Share capital	35.8	35.8
Retained earnings	171.0	107.6
Reorganization reserve	(32.6)	(32.6)
Currency translation reserve	(2.8)	0.9
Share based payment reserve	0.1	0.1
Obligatory reserve	0.2	0.1
Total equity attributable to the Group's equity holders	171.6	111.9
Non-controlling interests	1.1	1.1
Total equity	172.7	113.0
Total shareholders' equity and liabilities	451.2	370.0

Assets

The Group had total assets of EUR 451.2 million as of 31 December 2015, compared with EUR 370.0 million as of 31 December 2014, representing an increase of EUR 81.2 million, or 22%. This increase was mainly due to an increase of EUR 67.8 million in loans and advances due from customers and an increase of EUR 23.2 million in cash. Partially offsetting these were decreases in financial instruments at fair value and other assets. Growth of the Group's intangible assets mainly relates to capitalised development costs and investments in its IT platform. The Group finalised its reorganisation of US entities in the fourth quarter of 2015, and intangible assets that were previously moved out of the Group's asset base in the process of transition were returned to its balance sheet.

As of 31 December 2015 and 31 December 2014, 81% and 74% respectively of the Group's assets were self-liquidating (*i.e.*, loans and advances from customers and cash as a percentage of total assets).

Loan Portfolio

As of 31 December 2015, the Group's net loan portfolio equaled EUR 309.2 million, compared with EUR 241.4 million as of 31 December 2014, representing an increase of EUR 67.8 million, or 28%. The Group's loan portfolio accounted for 69% of total assets as of 31 December 2015 and 65% of total assets as of 31 December 2014.

Classification of the Group's Loan Portfolio

The following table sets out the classification of the Group's total loan portfolio in terms of performing and non-performing loan portfolios as of the dates indicated.

Loan portfolio	31 December 2015				31 December 2014			
	Gross Amount	Allowance for doubtful debts	Net Amount	% of Net Portfolio	Gross Amount	Allowance for doubtful debts	Net Amount	% of Net Portfolio
	<i>(in millions of EUR, except percentages)</i>							
Performing	268.4	(24.2)	244.2	79.0 %	208.3	(17.1)	191.3	79.2 %
Non-performing	156.7	(91.7)	65.0	21.0 %	108.5	(58.4)	50.1	20.8 %
Total ⁽¹⁾	425.1	(115.9)	309.2	100.0%	316.8	(75.5)	241.4	100.0%

Note: (1) Loan amounts include accrued interest.

Performing Loan Portfolio

The following table shows the Group's performing loan portfolio by product as of the dates indicated.

	31 December 2015		31 December 2014	
	Amount	% of Portfolio	Amount	% of Portfolio
	<i>(in millions of EUR, except percentages)</i>			
Performing loan portfolio by product: ⁽¹⁾				
Single Payment Loans	177.3	66.1 %	150.4	72.2 %
Instalment Loans	90.6	33.8 %	57.9	27.8 %
Line of Credit	0.5	0.2 %	0.0	0.0 %
Total performing loan portfolio	268.4	100.0%	208.3	100.0%

Note:

(1) Loan amounts include accrued interest.

Non-performing Loan Portfolio

The Group has written off any loans which have been overdue for more than 730 days. As of 31 December 2015, the Group's total non-performing loan portfolio was EUR 156.7 million, which represents 9.0% of the value of loans issued between 1 October 2013 and 30 September 2015. Given the mostly short-term nature of the Group's lending, the majority of loans issued during a reporting period are repaid prior to the period end, while non-performing loans are accumulated for 730 days. The Group's non-performing loan portfolio as of 31 December 2015 represented 37% of total gross loans outstanding as of that date. EUR 13.5 million, or 8.6%, of this was non-performing interest. The Group's total gross non-performing loan portfolio increased by 48.2 million, or 44%, during the Period mainly due to increased loan issuance.

The following table sets out an analysis of the Group's non-performing loan portfolio (including non-performing interest) by product as of the dates indicated.

	31 December 2015	31 December 2014
	<i>(in millions of EUR, except percentages)</i>	
Non-performing loan portfolio by product: ⁽¹⁾		
Single Payment Loans	118.4	84.9
Instalment Loans	38.3	23.6
Total non-performing loan portfolio	156.7	108.5
Value of loans issued ⁽²⁾	1,739	1,226
Non-performing loans as a share of value of loans issued	9.0%	8.8%
Allowance for doubtful NPL debts	91.7	58.4
Allowance for doubtful NPL debts / non-performing loans	59 %	54 %
Overall allowance / NPL coverage ratio	74 %	70 %
Average Loss Given Default rate	49 %	45 %

Notes:

(1) Loan amounts include accrued interest.

(2) The value of loans issued as of a particular date represent loans issued for the two-year period before commencement of the 90 day past-due period. Therefore, the applicable period for each reporting date is as follows: for 31 December 2015: 1 October 2013 to 30 September 2015; for 31 December 2014: 1 October 2012 to 30 September 2014.

Liabilities

The Group had total liabilities of EUR 278.5 million as of 31 December 2015, compared with EUR 256.0 million as of 31 December 2014, representing an increase of EUR 22.5 million. Liabilities mainly consist of loans and borrowings, which increased slightly overall as the 2015 Notes and some other loans were repaid, but this was more than offset by the issuance of the 2018 Notes and the increase in EUR amount of the 2019 Notes due to the change in EUR/USD exchange rate.

Loans and borrowings

As of 31 December 2015, the Group had loans and borrowings of EUR 239.1 million, compared with EUR 231.6 million as of 31 December 2014. The Group's loans and borrowings accounted for 86% of total liabilities as of 31 December 2015 and 90% of total liabilities as of 31 December 2014. The table below sets out the loans and borrowings by lender as of the dates indicated.

	31 December 2015	31 December 2014
	<i>(in millions of EUR)</i>	
Long term		
AS Trasta Komercbanka	4.7	6.2
2019 Notes	176.4	157.9
2018 Notes	40.8	—
Other ⁽¹⁾	0.7	12.6
Total long term	222.6	176.7
Short term⁽²⁾		
AS Trasta Komercbanka	1.2	—
2019 Notes	8.2	7.3
2018 Notes	1.2	—
2015 Notes	—	43.4
Other ⁽¹⁾	5.8	4.2
Total short term	16.5	54.9
Total loans and borrowings	239.1	231.6

Note:

(1) 'Other' consists primarily of loans with related parties.

(2) Includes accrued but unpaid interest.

In May 2011, AS 4finance entered into a credit line agreement with AS Trasta Komercbanka ('TKB'), which allows borrowings of up to EUR 7.7 million (the 'TKB Credit Line'). As of 31 December 2015, the amount outstanding under the TKB Credit Line was EUR 5.9 million at an interest rate of 7%.

In August 2013, AS 4finance listed USD 170.0 million of 13% notes (the '2015 Notes') on the Irish Stock Exchange, which were due on 31 January 2015. The notes were fully repaid at maturity.

In August 2014, 4finance S.A. issued USD 200.0 million of 11.75% notes (the '2019 Notes') which are listed on the Irish Stock Exchange and are senior to all of the Group's future subordinated debt. As of 31 December 2015, the amount outstanding and accumulated interest under the 2019 Notes was EUR 184.6 million. The 2019 Notes will mature in August 2019.

In March 2015, 4finance S.A. issued SEK 225.0 million of 11.75% notes (the '2018 Notes') which are senior to all of the Group's future subordinated debt. The 2018 Notes were listed on the corporate bond list of Nasdaq Stockholm in August 2015. In September 2015, a further SEK 150.0 million of 2018 Notes were issued at par, bring the total amount outstanding to SEK 375.0 million out of a total programme size of SEK 600.0 million. As of 31 December 2015, the amount outstanding and accumulated interest under the 2018 Notes was EUR 42.1 million. The 2018 Notes will mature in March 2018.

Equity

As of 31 December 2015, the Group's total equity amounted to EUR 172.7 million, compared with EUR 113.0 million as of 31 December 2014, representing an increase of EUR 59.7 million, or 53%, which was mainly attributable to profits generated. The Group has not paid any dividends to its shareholders within the Period and its capital to assets ratio as of 31 December 2015 was 38%. The capital to net loan portfolio ratio as of 31 December 2015 was 56%, reflecting the Group's strong capitalisation.

Off-Balance Sheet Arrangements

In connection with the Group's line of credit product, it had contractual obligations for undrawn credit facilities totalling EUR 0.1 million as of 31 December 2015. The Group has no other off-balance sheet commitments or obligations outstanding.

Condensed Consolidated Statement of Cash Flows for the Period

The table below sets out the Group's condensed consolidated statement of cash flows.

	12 months to 31 December	
	2015	2014
	<i>(in millions of EUR)</i>	
Cash flows from operating activities		
Profit before taxes	79.6	57.9
Adjustments for:		
Depreciation and amortization	1.8	1.2
Net losses on foreign exchange from borrowings	15.2	18.7
Increase in impairment allowance	40.6	39.3
Write-off and disposal of intangible and property and equipment assets	0.6	0.1
Provisions	1.4	0.2
Interest income	(2.1)	(0.8)
Interest expenses	28.7	23.8
Profit or loss before adjustments for the effect of changes to current assets and short term liabilities	165.7	140.3
Adjustments for:		
Increase in loans due from customers	(107.0)	(105.6)
Change in financial instruments measured at fair value through profit or loss	8.0	(21.0)
Increase in other assets	(10.4)	(3.6)
Gains from sale of portfolio	3.6	1.8
Increase in accounts payable to suppliers, contractors and other creditors	11.1	8.7
Gross cash flows from operating activities	71.2	20.5
Corporate income tax paid	(19.8)	(20.9)
Net cash flows from operating activities	51.4	(0.4)
Cash flows from investing activities		
Purchase of property and equipment and intangible assets	(19.3)	(4.2)
Loans issued to related parties	(59.1)	(14.8)
Loans repaid from related parties	48.5	14.6
Interest received	1.9	0.8
Acquisition of subsidiaries, net of cash acquired	(1.4)	0.0
Net cash flows used in investing activities	(29.3)	(3.5)
Cash flows from financing activities		
Loans received and notes issued	79.0	86.6
Repayment and repurchase of loans and notes	(49.4)	(52.5)
Interest payments	(28.1)	(18.7)
Dividend payments	(0.6)	(0.3)
Net cash flows from financing activities	0.9	15.1
Net increase/(decrease) in cash and cash equivalents	23.0	11.2
Cash and cash equivalents at the beginning of the period	34.4	21.1
Effect of exchange rate fluctuations on cash	(0.6)	2.1
Cash and cash equivalents at the end of the period	56.9	34.4

Net cash flows used in operating activities are calculated as profit before taxes, adjusted for non-cash and other items and the effect of changes to current assets and short-term liabilities, less corporate income tax paid. Net cash flows generated in operating activities in the Period increased to EUR 51.4 million from EUR (0.4) million in the same period last year. The changes mainly resulted from the increased profit in the Period, and the increase in fair value of financial instruments, used for currency hedging.

The Group's cash flows used in investing activities mainly include the purchase and disposal of property, equipment and intangible assets, loans issued and loans repaid. Investment in intangible assets was the largest component, mainly comprising capitalised development costs and investments in the IT platform. Loans issued to and repaid by related parties were primarily to UK and US businesses outside the Group, with limited net outflow. Net cash used in investing activities was EUR (29.3) million in the Period.

The Group's cash flows from financing activities mainly reflect proceeds that were received from borrowings, the repayment of principal and interest on indebtedness, and the payment of dividends. The issuance of 2018 Notes in March and September accounted for most of the loans received and notes issued in the Period.

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 5 November 2015.

New licenses and establishments

The Group started lending in Mexico in November 2015 using the Vivus brand. 4finance, S.A. de C.V., SOFOM E.N.R. is licensed as a non-banking financial company by the National Financial Services Consumer Protection Commission.

In January, the Group re-started its lending operations in Lithuania using UAB Credit Service, a licensed entity previously owned by 4finance Group S.A. that has been transferred to 4finance Holding S.A.. This entity will be added as a guarantor to the 2019 Notes and 2018 Notes in due course.

The Group has incorporated companies in the Dominican Republic and Brazil to support pre-opening activities ahead of intended launches in those countries.

The Group has a 15% interest in a UK company, v7 Limited, that received full FCA authorisation to operate as an online consumer lender in the UK on 4 February 2016 and has started lending at www.vivus.co.uk.

Litigations and contingent liabilities

No member of the Group is engaged in new legal or arbitration proceedings which may have a material effect on the Group's financial position or profitability.

Changes in management

In February 2016, Clemens Baader was appointed to the new role of Chief Analytics Officer. Prior to joining 4finance, Clemens was the head of analytics, financial services at AlixPartners, a global management consulting firm. Before that Clemens worked for 10 years as financial derivatives trader for Goldman Sachs, Morgan Stanley and Deutsche Bank, in London and New York. Clemens was educated in Germany, Spain and Scotland, and holds an MSc in Data Science, and a BA in Business Administration.

Changes in the regulatory framework

The regulatory changes described in previous reports have now been implemented in Latvia (from 1 January 2016) and Lithuania (from 1 February 2016) and the Group's products are fully compliant with these new regulations. Regulatory changes in Poland take effect from 11 March 2016 and the Group is finalising its new product offering for that market.

Changes in the corporate structure

In February 2016, two Luxembourg based category A directors were appointed to the Group's board, Stéphane Sabella and Philip Cesar Pascual, to replace directors Marc Chong Kan and Livio Gambardella.

Corporate website: www.4finance.com

4finance Holding S.A.

Address: 6, rue Guillaume Schneider, L-2522, Luxembourg