IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to this information memorandum (the "**Information Memorandum**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum.

This Information Memorandum contains information provided by IDFinance Spain, S.A.U. (the "**Issuer**" or "**ID Finance**") in connection with the Offering (as defined below). The Issuer has, pursuant to a placement agreement dated 22 September 2020 (the "**Placement Agreement**"), appointed Renaissance Securities (Cyprus) Limited as a placing agent (the "**Placing Agent**"), and has authorised and requested the Placing Agent to circulate this Information Memorandum in connection with the Offering, subject as provided in the Placement Agreement. Furthermore, the Issuer has, pursuant to a fiscal agency agreement dated 25 September 2020 (the "**Agency Agreement**") appointed Citibank, N.A., London Branch as a fiscal agent.

References to the "**Group**" in this Information Memorandum refer collectively to Issuer, ID Finance Investments, S.L. ("**ID Finance Investments**"), the sole shareholder of the Issuer, and consolidated subsidiaries of the ID Finance Investments, taken as a whole. ID Finance Investments and its subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Bonds or to make any funds available for these purposes, whether by dividends, loans, distributions or other payments, and do not guarantee the payment of interest on, or principal of, the Bonds.

The Issuer, directly or through entities acting on behalf of the Issuer or entities affiliated with the Issuer, and/or entities related to or affiliated with the Issuer, acting on their own behalf, are considering purchasing a material portion of the aggregate principal amount of the Bonds in the offering and/or in the secondary market.

This Information Memorandum does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Information Memorandum is provided for information purposes only and is not intended to give a complete and comprehensive overview of the Issuer or the Group. The information contained herein is in summary form and must be considered in conjunction with and subject to the publicly available information of the Issuer and the Group. However, the Issuer has confirmed to the Placing Agent that the information contained or incorporated by reference in this Information Memorandum is true and accurate in all material respects.

Unless otherwise stated to the contrary, you should not assume that the information contained in this Information Memorandum is accurate as of any date other than the date on the front cover of this Information Memorandum.

The information contained herein has not been independently verified by the Placing Agent. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Placing Agent as to the authenticity, origin, validity, accuracy or completeness at any time of this Information Memorandum or any further information supplied in connection with the Offering or in relation to the distribution of this Information Memorandum. The Placing Agent does not accept any liability in relation to this Information Memorandum or its distribution or with regard to any other information supplied by or on behalf of the Issuer hereafter.

This Information Memorandum is not and should not be construed as a recommendation by the Issuer or the Placing Agent that any recipient of this Information Memorandum should purchase the Bonds. Each investor contemplating purchasing Bonds must make, and shall be deemed to have made, its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Information Memorandum is not intended to form the basis of any credit or other evaluation and the Placing Agent does not undertake to review the financial or other condition of the Issuer or the Group or to make available any information coming to its attention regarding the Issuer, the Group or the Offering. This Information Memorandum does not constitute an offer or invitation by or on behalf of the Issuer or the Placing Agent to any person to purchase any Bonds.

The Issuer is providing this Information Memorandum only to prospective purchasers of the Bonds. You should read this Information Memorandum before making a decision whether to purchase the Bonds. You must not use this Information Memorandum for any other purpose.

Neither the Issuer nor the Placing Agent accepts any responsibility, express or implied, for updating this Information Memorandum and neither the delivery of this Information Memorandum nor any offers or sales made on the basis hereof shall under any circumstances create any implication that this Information Memorandum is correct at any time subsequent to the date hereof or that there has been no change in the affairs of either of the Issuer and/or the Group since the date hereof. No person has been authorised to give any information or to make any representation not contained in this Information Memorandum or any supplement hereto and, if given or made, such information or representation must not be relied upon as having been so authorised. The Placing Agent does not undertake to advise any investor of the Bonds of any information or change in such information coming to its attention.

Prospective investors are urged to consult their own professional advisers as to the tax consequences of the purchase, ownership and disposition of the Bonds in light of their particular circumstances, including but not limited to the consequences of receipt of interest and sale or redemption of the Bonds and neither the Issuer nor the Placing Agent makes any comment in connection therewith.

The Issuer is offering to sell the Bonds only in places where such offers and sales are permitted. The distribution of this Information Memorandum may be restricted by law in certain jurisdictions, about which restrictions you agree to inform yourself. By accepting delivery of this Information Memorandum you agree to the foregoing restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and the offer, sale or delivery of the Bonds in the United States of America, the United Kingdom and the Kingdom of Spain. See "*Selling Restrictions*".

The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**").

A communication of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received in connection with the issue or sale of any Bonds will only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

The proposed offer of the Bonds has not been registered with the *Comisión Nacional del Mercado de Valores* (the "**CNMV**"). Accordingly, the Placement Agent represents and agrees that the Bonds can only be sold, offered or distributed in Spain in circumstances which do not require the registration of a prospectus with the CNMV and complying with all legal and regulatory requirements under Spanish securities laws.

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area or in the United Kingdom. For these purposes, the expression "retail investor" means a person who is one (or more) of the following: (a)a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA or in the U.K. has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA or in the U.K. may be unlawful under the PRIIPS Regulation.

Solely for the purposes of manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a distributor) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bond (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

This Information Memorandum is being distributed to a limited circle of persons only and is provided exclusively for the information of prospective investors. Prospective investors must not provide or otherwise make available this Information Memorandum or information herein to any other person or entity.

Neither the Issuer nor the Placing Agent, is providing you with any legal, business, tax or other advice in this Information Memorandum. You should consult with your own advisers, as needed, to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Bonds.

You must comply with all laws that apply to you in any place in which you buy, offer or sell any Bonds or possess this Information Memorandum. You must also obtain any consents and approvals that you need in order to purchase any Bonds. Neither the Issuer nor Placing Agent is responsible for your compliance with these legal requirements.

The attached Information Memorandum been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer nor the Placing Agent or any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Placing Agent.

IDFinance Spain, S.A.U.

(incorporated as a public limited liability company (sociedad anónima) under the laws of the Kingdom of Spain)

€40,000,000 9.50 per cent. Bonds due 2023

Issue Price 96.20 per cent.

The €40,000,000 9.50 per cent. Bonds due 2023 (the "**Bonds**") are issued by IDFinance Spain, S.A.U. (the "**Issuer**" or "**ID Finance**") (the "**Offering**"). The Bonds bear interest from and including 25 September 2020 (the "**Issue Date**") at the rate of 9.50 per cent. per annum, payable quarterly in arrear in equal instalments of €23.75 per €1,000 in principal amount of the Bonds (the "**Calculation Amount**"), as described in Condition 5. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 25 September 2023 (the "**Maturity Date**"). The Bonds are subject to redemption in whole, but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the Kingdom of Spain. Bondholders may require the Issuer to redeem their Bonds upon the occurrence of a Put Event, as described in Condition 6(c). The Issuer may at any time prior to the Maturity Date redeem all, but not some only, of the Bonds at a redemption price per Bond equal to the Make Whole Amount together with interest accrued to but excluding the Optional Redemption Date, as described in Condition 6(d).

Application has been made for the Bonds to be admitted to listing on Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) which is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU). There is no assurance that a trading market in the Bonds will develop or be maintained. This Information Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Bonds will be in bearer form and in the denomination of €100,000 and integral multiples of €1,000 in excess thereof. The Bonds will initially be represented by a temporary global bond (the "**Temporary Global Bond**"), without interest coupons or talons, which will be deposited with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond (the "**Permanent Global Bond**" and together with the Temporary Global Bond, the "**Global Bond**") in the circumstances set out in the Temporary Global Bond. The Permanent Global Security will be exchangeable for definitive Bonds (the "**Definitive Bonds**") in the circumstances set out in the Permanent Global Bond. See "*Summary of Provisions relating to the Bonds while in Global Form*".

Neither the Issuer nor the Notes have a public credit rating from any credit rating agency as of the date of the Information Memorandum. No assurance is given that one will be obtained in the future.

An investment in the Bonds involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 13.

Placing Agent

Renaissance Securities (Cyprus) Limited

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DEEMED REPRESENTATIONS AND WARRANTIES

For the purposes of this section of the Information Memorandum, the term "**Associate**" means in relation to a person (the "**first person**") each of its affiliates, subsidiaries, branches, associates (as defined by applicable laws and regulations and including, without limitation, any joint venture parties) and the first person's respective officers, directors, supervisory board members, employees, representatives and agents from time to time.

By purchasing any Bonds, each purchaser (each, a "**Purchaser**") is hereby deemed to acknowledge, undertake, represent and warrant and agree (as the case may be), in each case for the benefit of the Placing Agent, as follows:

(i) it (a) has received from or on behalf of the Issuer or has been able to obtain from (i) public sources published by or on behalf of the Issuer, including the Issuer's web-site, and (ii) other public sources not published by and unrelated to the Issuer (such unrelated public information, "**Public Domain Information**"), all information (including the information contained in or referred to herein) relating to the Issuer, the Group, the Bonds and the Offering (all the foregoing, collectively, the "**Information**") that it deems necessary and appropriate in connection with the Offering; (b) that no representation or warranty (express or implied) is or has been made or given by the Placing Agent or the Issuer (i) in the case of the Placing Agent, as to the accuracy, completeness or sufficiency of the Information or (ii) in the case of the Issuer, as to the accuracy, completeness or sufficiency of the Public Domain Information, and nothing in the Information (or in the case of the Issuer, the Public Domain Information only) is, or shall be relied upon as, a promise, representation or warranty by the Placing Agent or the Issuer; (c) the Placing Agent does not make nor have made any warranty, representation or recommendation as to the merits of the Offering, the purchase for or offer of the Bonds, or as to the condition, financial or otherwise, of the Issuer, the Group, their respective Associates or as to any other matter relating thereto or in connection therewith; and (d) nothing herein shall be construed as a recommendation to the Purchaser to purchase the Bonds;

(ii) the Offering involves a high degree of risk and that the Bonds are a speculative investment; in making any decision to purchase the Bonds, it has such business and financial experience as is required to give it the capacity to protect its own interests in connection with the purchase of the Bonds and will rely on its own examination and due diligence of the Issuer, the Group, the Bonds, including the merits and risks involved;

(iii) it (a) has consulted or will consult with its own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent it has deemed necessary; (b) has had, or will have had before settlement, the opportunity to review all publicly available records and filings and all other documents concerning the Issuer and the Group that it considers necessary or appropriate in making an investment decision; (c) has reviewed, or will have reviewed before settlement, all information that it believes is necessary or appropriate in connection with its purchase of the Bonds; and (d) has made or will make its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and not upon any view expressed by or on behalf of the Placing Agent or any of its respective Associates;

(iv) the Information (other than Public Domain Information) has been, is being or will be prepared and provided to it by the Issuer for the Purchaser's reference in connection with the Offering, and it will not hold the Placing Agent or any of its respective Associates responsible or liable for any misstatements in or omission from the Information and that neither the Placing Agent nor any of its respective Associates, nor any person acting on behalf of the Placing Agent nor any of its respective Associates, accepts any responsibility for any Information which has been made available to the Purchaser, whether at the date of this Information Memorandum or otherwise;

(v) it may not rely on any investigation that the Placing Agent or any of its respective Associates or any person acting on its behalf may have conducted with respect to the Issuer, the Group, their respective Associates, the Bonds or the Offering, and neither the Placing Agent nor any of its respective Associates has made any representation to the Purchaser, express or implied, with respect to the Offering, the Issuer, the Group or the Bonds;

(vi) it has such knowledge and experience in financial, business and international investment matters that it is capable of evaluating the merits and risks of purchasing the Bonds, is experienced in investing in issues of this nature, has had or will have the opportunity to ask questions of, and receive answers and request information additional to the Information from, the Issuer, and is aware that it may be required to bear, and is able to bear, the economic risk of, has no need for liquidity with respect to investments in the Bonds and is able to sustain a complete loss in connection with, the issue of the Bonds;

(vii) the Placing Agent has no obligations to support any losses directly or indirectly sustained or incurred by the Purchaser or any of its affiliates for any reason whatsoever in connection with the Offering, including the non-performance by the Issuer of its obligations;

(viii) it acknowledge and agree in connection with its participation in the Offering that the Placing Agent will not be responsible to it for the protections usually afforded to its customers nor for providing advice in relation to the Offering or the Bonds;

(ix) it is entitled to purchase the Bonds under the laws of all relevant jurisdictions and has fully observed such laws and, to the extent possible, obtained all such governmental and other guarantees and other consents required thereunder and complied with all necessary formalities. It is empowered, authorised and qualified to purchase the Bonds;

(x) it is not resident in the "United States" or otherwise a "U.S. person" as such terms are defined in the Securities Act nor it is acting for the account or benefit of a U.S. person, and no offer was made to the Purchaser in the United States and at the date hereof and at the time it purchase of the Bonds it is resident outside the United States. It acknowledges, and each beneficial owner of the Bonds has been advised that, the sale of the Bonds is being made in reliance on an exemption from the registration requirements of the Securities Act, that the Bonds are being offered and sold in an Offering not involving any public offering in the United States within the meaning of the Securities Act, that the offer and sale of the Bonds have not been registered under the Securities Act or with any state or other jurisdiction of the United States, and that the Bonds may not be re-offered, resold, pledged or otherwise transferred in the absence of such a registration or unless such Offering is exempt from, or not subject to, such registration requirement;

(xi) an offer of the Bonds in the United Kingdom may only be directed at persons who (a) are investment professionals within the meaning of Article 19(5) of the United Kingdom's Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) are qualified investors within the meaning of Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order. The Purchaser confirm that it is either (i) resident outside the UK; or (ii) that it meets either requirement (a) or (b) above;

(xii) an offer to subscribe for the Bonds may only be directed at persons in member states of the EEA and in the United Kingdom who are not "retail investors" within the meaning of the following: (a)a retail client as defined in point (11) of Article 4(1) of MiFID II; or (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as professional client as defined in point (10) of Article 4(1) of MiFID II;

(xiii) an offer of the Bonds in the Kingdom of Spain may only be directed at persons who are qualified investors pursuant to and in compliance with Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, the Spanish Securities Market Law (as defined below), as amended from time to time, and any regulation issued thereunder; and

(xiv) the Placing Agent has made, and it has relied upon, no representation, warranty or condition (express or implied) about, and the Placing Agent shall have no liability or responsibility to the Purchaser for, the effectiveness, validity or enforceability of any agreement or other document entered into by or provided to the Purchaser in connection with the Bonds or any non-performance by any party to any of them, and the Placing Agent has, and shall owe, no duty whatsoever to the Purchaser in connection with the issue of the Bonds.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The financial information as at and for the years ended 31 December 2019 and 2018 set out in this Information Memorandum with respect to the Issuer, except where expressly stated otherwise, and subject to rounding, has been derived from the special purpose financial statements of IDFinance Spain S.L. (predecessor of the Issuer) as at and for the year ended 31 December 2019 as set forth on pages F-37 to F-73 in this Information Memorandum (the "**Annual Financial Statements**") and interim financial information as at and for the six months ended 30 June 2020 set out in this Information Memorandum with respect to the Issuer, except where expressly stated otherwise, and subject to rounding, has been derived from the interim financial statements of IDFinance Spain S.L. (predecessor of the Issuer) for the six-month period ended 30 June 2020 as set forth on pages F-2 to F-36 in this Information Memorandum (the "**Interim Financial Statements**", and together with the Annual Financial Statements, the "**Financial Statements**"). The Financial Statements have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**"), as issued by the International Accounting Standards Board.

The Annual Financial Statements have been audited by Ernst & Young, S.L., independent auditor. The Interim Financial Statements have been reviewed by Ernst & Young, S.L., independent auditor.

Currency

In this Information Memorandum, the following currency terms are used:

(a) "**Euro**", "**EUR**" or "**€**" means the lawful currency of participating member states of the European Union, as contemplated by the Treaty establishing the European Community, as amended; and

(b) "**U.S. dollar**" or "**U.S.$**" means the lawful currency of the United States of America.

OVERVIEW OF THE OFFERING

*The following summary contains basic information about the Bonds and is not intended to be complete. For a more complete understanding of the Bonds, please refer to the section of this Information Memorandum entitled "Terms and Conditions of the Bonds" (the "**Conditions**") Capitalised terms used herein and not otherwise defined have the respective meanings given to them in the Conditions.*

Issuer:	IDFinance Spain S.A.U.
Legal Entity Identifier of the Issuer:	959800YSVHZVHDXG3Z02
Website of the Issuer:	www.idfinance.com
Fiscal Agent:	Citibank, N.A., London Branch.
Placing Agent:	Renaissance Securities (Cyprus) Limited.
Bonds:	€40,000,000 9.50per cent. Bonds due 2023.
Issue Date:	25 September 2020.
Issue Price:	96.20 per cent.
Form and Denomination:	The Bonds will be issued in bearer form in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Status of the Bonds:	The Bonds and Coupons constitute (subject to Condition 3) direct, general, unconditional, unsubordinated and unsecured obligations (*créditos ordinarios*) of the Issuer and in the event of insolvency (*concurso*) of the Issuer (unless they qualify as subordinated claims (*créditos subordinados*) under Article 281 of the Spanish insolvency law enacted pursuant to Royal Legislative Decree 1/2020, of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) or any equivalent legal provision which may replace it in the future and subject to any legal and statutory exceptions) will rank pari passu without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future. as further described under Condition 2 (*Status*).
Interest Payment Dates:	Interest in respect of the Bonds will be payable quarterly in arrear on 25 March, 25 June, 25 September and 25 December in each year commencing on 25 December 2020 (the "**First Interest Payment Date**") and ending on the Maturity Date (unless the Bonds are previously redeemed or purchased and cancelled).
Maturity Date:	25 September 2023.
Redemption:	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons:	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice, at their principal amount, together with accrued interest up to (but excluding) the date fixed for redemption in the event of

	certain tax changes, as further described under Condition 6(b) (*Redemption for taxation reasons*).
Issuer Call Option:	The Issuer may at any time prior to the Maturity Date, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem all, but not some only, of the Bonds at a redemption price per Bond equal to the Make Whole Amount together with interest accrued to but excluding the Optional Redemption Date, as further described under Condition 6(d) (*Redemption at the Option of the Issuer*).
Change of Control Put Option:	Upon the occurrence of a Put Event, each Bondholder shall have the option to require the Issuer to redeem all or some only of the Bonds of such Bondholder at their principal amount together with accrued interest, as further described under Condition 6(c) (*Redemption and Purchase*).
Events of Default:	The Bonds will be subject to certain events of default including (among others) non-payment of principal for a period of five Business Days says or interest for a period of seven Business Days, failure to perform or observe any of the other obligations in respect of the Bonds, breach of covenants, cross-default and certain events relating to bankruptcy and insolvency of the Issuer or any Subsidiary of the Issuer, as further described under Condition 9 (*Events of Default*).
Negative Pledge:	The Conditions include a negative pledge, as further described under Condition 3 (*Negative Pledge*).
Covenants:	So long as any of any Bonds or Coupons remains outstanding, the Issuer will be subject to certain financial covenants, as further described in Condition 4 (*Covenants*).
Taxation:	All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Kingdom of Spain or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions, as further described under Condition 8 (*Taxation*).
Governing Law:	The Bonds and any non-contractual obligations arising out of or in connection with them will be governed by English law, except for Condition 2 (*Status*) which is governed by Spanish law.
Clearing and Settlement:	Euroclear Bank SA/NV and Clearstream Banking, S.A.

	The Bonds will initially be represented by the Temporary Global Bond. The Temporary Global Bond will be deposited with a common depositary on behalf of Euroclear and Clearstream Luxembourg. The Temporary Global Bond will be exchangeable, in whole or in part, for interests in the Permanent Global Bond, on or after a date which is 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable for definitive Bonds in bearer form in the limited circumstances set out in it.
Securities Identifiers for the Bonds	ISIN: XS2231806394. Common Code: 223180639
Listing and Admission to Trading:	Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
Use and Estimated Net Amount of Proceeds:	Refinancing and general corporate purposes.
Selling Restrictions:	There are prohibitions on offers and sales of the Bonds to EEA and UK retail investors and restrictions on offers, sales, delivery of the Bonds and on distribution of offering materials into, or to persons resident in, the United States, the United Kingdom, the Kingdom of Spain and elsewhere. See "*Selling Restrictions*". Category 2 selling restrictions will apply to the Bonds for the purposes of Regulation S under the Securities Act.
Risk Factors:	For a discussion of certain risk factors relating to the Issuer and the Bonds that prospective investors should carefully consider prior to making an investment in the Bonds. See "*Risk Factors*".

RISK FACTORS

An investment in the Bonds involves a high degree of risk. Accordingly, you should carefully consider the risks described below, as well as the other information in this Information Memorandum, before making an investment decision. The risks and uncertainties below are not the only ones the Issuer faces. Additional risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes are immaterial, could also impair its business operations. If any of the following risks actually materialises, the Issuer's business, results of operations and financial condition could be materially and adversely affected. This, in turn, could have a material adverse effect on the ability of the Issuer to make payments under the Bonds.

Risks relating to the Issuer's Business

The Issuer's businesses, earnings and financial condition could be affected by any future crisis in Spanish or global financial markets and/or deterioration in the economic outlook in Spain

The vast majority of the Issuer's assets and customers are located in Spain. Accordingly, the Issuer is exposed to the political risks in Spain and the performance of the Spanish economy. The precise nature of all the risks and uncertainties the Issuer faces, and will face, as a result of any future global financial crisis or deterioration in the global economic outlook cannot be predicted and many of these risks are outside the Issuer's control.

The recent outbreak of a novel strain of coronavirus (i.e. COVID-19), which first emerged in Wuhan City, Hubei province, China in late December 2019, has since spread to other parts of the world. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19 worldwide, has significantly exceeded those observed during the SARS epidemic that occurred from November 2002 to July 2003. On 11 March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. Since February 2020, the COVID-19 pandemic has caused stock markets worldwide to lose significant value and has impacted economic activity globally. A number of governments (including the Spanish government) took unprecedented actions to reduce the spread of the COVID-19 pandemic, including but not limited to travel and transportation restrictions, closure of workplaces, business and schools, and employees being asked to work from home and to stay at home as much as possible. Governments and international institutions have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged economic crisis or recession globally and in Spain. Any of these factors could have a material adverse effect on the Issuer's financial condition and results of operation.

A deterioration in economic conditions globally and in Spain, including, but not limited to, business and consumer confidence, unemployment, household disposable income, foreign exchange markets, counterparty risk, inflation, the availability and cost of credit, and the liquidity of global financial markets or market interest rates, may reduce the level of demand for the products and services of the Issuer, adversely affect the earnings the Issuer can achieve on its products and lead to reduced volumes of credit issued, reduced revenue and increased levels of impairment charge. This may affect the Issuer's ability to obtain sufficient liquid, local currency funds to meet the requirements of the business (following maturity of the Issuer's existing sources of financing), to issue sufficient volumes of credit at appropriate levels of impairment and to maintain adequate cover on its financial covenants. The aforementioned factors may materially and adversely impact the Issuer's operating results, financial condition and prospects.

The Issuer's target customer base are individuals which can be vulnerable during economic downturns

The Issuer's operations are focused on providing financial products and services to individuals occasionally with limited or no credit history who are underserved by more traditional consumer credit providers such as banks. Such customers can be vulnerable to any socio-economic instability and generally can have limited financial resources in terms of liquidity, capital or borrowing capacity. A recession or other negative developments, including the continued spread of COVID-19 could affect individuals, and as a result, the individuals carry a risk of defaulting on their payment obligations and, consequently, may lead to a deterioration in the quality of the Issuer's loan portfolio in an economic downturn.

The Issuer's customers' liquidity and general financial health is affected by various factors, including economic conditions in Spain, the status of the relevant industry, and circumstances pertaining to a customer's specific business or personal circumstances. As a result, if the Issuer's customer defaults on a loan for any reason, the Issuer's return and results of operations could be adversely affected.

There may be limited information on individuals to which the Issuer provides financial products and services and the quality of credit evaluation may be compromised

Despite the scoring system and fraud-analysis, the Issuer may be unable to correctly evaluate the current financial condition of each prospective customer and determine his or her creditworthiness. Although every lending decision is based on the information from numerous sources describing a client, his or her financial health and ability to pay, as well as on the Issuer's analysis of each client's behaviour during the application process (e.g. typing behaviour) that allows to identify fraudsters and reject them, it also partially based on information provided by a loan applicant. Prospective customers may fraudulently provide inaccurate information upon which, if not alerted to the fraud, the Issuer may base its credit scoring. Furthermore, there is a risk that scoring and fraud-analysis system and verification procedures of the Issuer may generate errors, which may lead to incorrect assessment of a particular borrower's risk level. Any failure to correctly assess the credit risk of potential customers, due to failure in evaluation of the customer or incorrect information fraudulently provided by the customer, may have a material adverse effect the Issuer's business, financial condition, results of operations, prospects or cash flows of the Issuer. The Issuer utilizes a variety of credit scoring criteria, monitor the performance of its loan portfolio and maintains an allowance for estimated losses on loans and advances (including interest fees) at a level estimated to be adequate to absorb expected credit losses.

As of 31 December 2019, portfolio of non-performing loans of the Issuer due more than 90 days was EUR21.6 million, which represented 43.7 per cent. of the value of gross loan portfolio. As of 31 December 2019, the Issuer's impairment allowance was EUR26.1 million (covering 120.9 per cent. of non-performing loans). As of 30 June 2020, portfolio of non-performing loans of the Issuer due more than 90 days was EUR19.2 million, which represented 36.5 per cent. of the value of gross loan portfolio. As of 30 June 2020, the Issuer's impairment allowance was EUR18.5 million (covering 134.4 per cent. of non-performing loans). The Issuer's allowances for doubtful debts are estimates and if circumstances or risks arise that it does not identify or anticipate when developing its credit scoring model, the level of its non-performing loans and write-offs could be greater than expected. Actual loan losses may materially exceed the level of the Issuer's allowance for impairment losses, which may have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

The Issuer's limited operating history, its fast growing and rapidly evolving business

The Issuer launched operations in Spain in 2015. As a result of the Issuer's limited operating history in an evolving industry, the existing historical financial and operating information may not be sufficient for the Bondholders to evaluate the Issuer's past performance. Although the Issuer has experienced a significant revenue growth, rapid expansion of its portfolio and customer base since its establishment and achieved profitability in the third year since launch of operations, there can be no assurance that the Issuer's revenue, portfolio and customer growth will continue to increase at previous rates or at all and the Issuer will be able to continue to expand its business. The business of providing products and services over the Internet is dynamic and relatively new. The Issuer must keep pace with rapid technological change, consumer use habits, Internet security risks, risks of system failure or inadequacy and governmental regulation and taxation. The above factors make prediction of future results of operations difficult and therefore, past revenue growth experienced by the Issuer should not be taken as indicative of its future performance.

The Issuer is dependent upon its IT and communications systems owned by its affiliates, any system and technological failures or ineffectiveness, breakdown of operating processes, systems or controls, failure of business continuity planning, corruption of databases and service disruption could result in loss of business and reputational damage to the Issuer

The Issuer's business depends on its ability to process a large number of transactions efficiently and accurately. The Issuer's ability to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across the Issuer, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future depends on the success of its business continuity and contingency planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology and the successful development and implementation of new systems. Information technology, data science and credit scoring capabilities of the Issuer are based on its access to the IT platform and data science centre developed and operated by its affiliates, wholly owned by ID Finance Investments.

In particular, the loan underwriting process is mainly performed automatically by IT systems developed internally by the Group and used at various stages of the underwriting process, including customer registration, application, identification and credit scoring. In addition, bank transfers are completed online and reminder emails and invoicing are automatically processed and sent to customers. If any IT system at any stage of the loan underwriting process were to fail, any or all stages of the underwriting process could be affected and customer access to the Issuer's websites and products could be disrupted. Any disruption in the Issuer's IT systems would prevent customers from applying for loans, which would hinder ability of the Issuer to conduct business and have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

There is a risk that the Issuer encounters losses if there is a systematic breakdown of operating procedures, processes, systems or controls that underpin the business model. Losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism, malicious cyber-attack and similar misconduct. Although the Issuer has in place certain business continuity and contingency plans to guard against service disruptions, the Issuer's business continuity plans may prove to be unsuccessful against such disruptions.

In addition, the Issuer's IT systems need regular upgrading to meet changing business and regulatory requirements, adequately support the increased scale of the Issuer's operations and to maintain the efficiency of its network's operations, all of which needs to be done in a cost-effective manner. The Issuer may be required to further develop and upgrade its existing IT systems as its operations expand. The implementation of such plans may take longer than expected, may cost more than initially expected or result in unexpected disruption to the Issuer's system operations, any of which could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Moreover, many of the Issuer's IT systems include software or other intellectual property licensed from third parties. It may be necessary to renew licences relating to various aspects of these IT systems or to seek new licences in the future. There can be no assurance that the necessary licences would be available on acceptable terms, if at all. The inability to obtain certain licences or other rights or to obtain such licences or rights on favourable terms, or the need to engage in litigation regarding these matters, could adversely affect IT systems operations until equivalent technology can be identified, licensed or developed, and integrated into the existing

IT systems and could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

If any of the above risks materialise, the interruption or failure of the Issuer's information technology and other systems (or the failure of those provided by third party service providers and software providers) could impair the Issuer's ability to provide its services effectively, causing direct financial loss. In addition, it could damage the Issuer's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Issuer's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer disputes and may increase the Issuer's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, a loss of any customer database may require an expensive and time-consuming effort to endeavour to retrieve or recreate the lost data which may have a material adverse effect on the Issuer's operations and financial situation and damage its reputation and brand.

Business of the Issuer is subject to regulations, and if it fails to comply with existing or newly introduced applicable laws, regulations, rules and guidance, it may be subject to fines, penalties or limitations

Operations of the Issuer are subject to regulation by a variety of consumer protection, financial services and other state authorities in Spain, including, but not limited to, laws and regulations relating to consumer loans and consumer rights protection, debt collection, personal insolvency, privacy and data protection. The application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving e-commerce industry in which the Issuer operates and may also be inconsistent with current or past policies and practices of the Issuer. Failure to comply with existing laws and regulations applicable to the Issuer's operations, or to obtain and comply with all authorizations, licenses and permits required for its operations, or adverse findings of governmental inspections, may result in the imposition of material fines or penalties or more severe sanctions.

In recent years, short-term consumer loan products (similar to those the Issuer offers) have come under increased media, judicial and regulatory scrutiny. Certain consumer advocacy groups and regulators have advocated that laws and regulations should be tightened so as to severely limit the type of loan products and services the Group offers. The Spanish government may consider introduction of legislation that could, among other things, place a cap on the interest or fees that it can charge, a cap on default interest, a cap on the effective annual percentage rate that limits the amount of interest or fees that may be charged or a cap on the total cost of credit.

In Spain, schemes have been initiated to provide financial support to parts of the economy most impacted by the COVID-19 pandemic.

Any of the above factors may impede ability of the Issuer to conduct its operations and therefore may have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

The Issuer's risk management policies and procedures may be ineffective

The Issuer engages in risk management activities to systematically monitor and manage credit, market, liquidity and operational risk. These risk management policies and procedures may not be fully effective in identifying, monitoring, mitigating and managing the risks associated with the Issuer's business.

The Issuer's policies and procedures for managing credit risk, market risk, liquidity risk and operational risk may prove ineffective. Some of the Issuer's methods for managing risk are based upon observations of historical market behaviour, and the Issuer applies statistical techniques to these observations to arrive at quantifications of its potential risk exposures. However, these methods may not accurately quantify the Issuer's risk exposures, especially in situations that cannot be identified based on its historical data. In particular, if the Issuer enters new lines of business, historical data may be incomplete or absent.

It is also possible that in times of financial and economic crisis the Issuer's ability to assess credit exposure and asset values is impaired as the models and techniques used may be less predictive of future conditions, behaviours and valuations. If circumstances arise whereby the Issuer did not identify, anticipate or correctly evaluate certain risks in developing its statistical models, losses could be greater than the maximum losses envisaged under its risk management system. If a material deficiency in the Issuer's risk management or other internal control policies or procedures arises, this may expose it to significant credit, liquidity, market or operational risk, which, in turn, may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Changes in the Issuer's liquidity requirements and non-availability of funding may adversely affect its liquidity and financial condition

Liquidity requirements of the Issuer can vary significantly depending on demand for consumer credit. Growth of the Issuer also depends, to a significant extent, on its ability to access debt funding sources. If the Issuer's available cash flows from operations are not sufficient to fund its on-going cash needs or strategic growth initiatives, it would be required to look to its cash balances and available credit facilities to satisfy those needs, as well as potential sources of additional capital. The Issuer is, as such, exposed to liquidity risks arising out of the mismatches between the maturities of its assets and liabilities, which may prevent it from meeting its obligations in a timely manner.

Furthermore, an economic or industry downturn, including the ongoing effects as a consequence of the COVID-19, could increase the level of non-performing loans. A significant deterioration in the Issuer's debt collection could affect its cash flow and working capital position and could also negatively impact the cost or availability of financing.

The Issuer relies significantly on several sources of funding, including marketplace, credit funds, family offices and high-net-worth-individuals, to finance its operations. Adverse financial conditions, including the existence of a liquidity crisis, could limit access of the Issuer to new or sustained funding on terms favourable to the Issuer. Since the Issuer earns a substantial majority of its revenues from interest payments on the loans it makes to its customers in the event that the spread between the rate at which it lends to its customers and the rates at which it raises debt funding, the Issuer's financial results and operating performance will suffer. Any decrease in the availability of one or more of the Issuer's funding sources, increased funding costs or greater difficulty in diversifying its funding sources could have an adverse effect on its business, financial condition and results of operations.

Increasing competition from other consumer lenders offering similar financial products and services in the consumer lending market may affect business and expansions plans of the Issuer

The Issuer's business model is focused on providing financial products and services to individuals who are interested in quick and easy access to funding over the Internet and who occasionally have limited or no credit history. Such customers are often underserved by traditional banks and credit card companies and the main competitors of the Issuer in the market of consumer unsecured lending are alternative microfinance lenders. Banks and other financial institutions, as well as consumer loan companies that do not currently offer products or services directed towards traditional customer base of the Issuer, could begin doing so, or new online lending companies could enter the markets in which the Issuer operates.

Significant increases in the number and size of competitors of the Issuer could result in a decrease in demand for its online loan products, resulting in a decline in its revenues and earnings. Increased competition or more aggressive marketing and pricing practices on the part of competitors of the Issuer could result in lower revenues, margins and turnover rates in its operations, which may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects or cash flows.

The terms of existing and future financings may impose financial and operating restrictions on us

The terms of existing financings contain (and the terms of future financings may contain) a number of customary negative and other covenants, including, restricting ability of the Issuer and the Group to do the following, among other things:

- incur more debt;
- change our line of business;
- make dividend payments, stock repurchases and other distributions;
- engage in certain mergers, consolidations and transfers of all or substantially all of the Issuer's assets;
- make acquisitions of all of the business or assets of, or stock representing beneficial ownership of, any person;
- dispose of certain assets; and
- incur liens.

These covenants and restrictions could limit the Issuer's ability to fund future operations or make capital expenditures, acquisitions or other investments in the future. Any failure to comply with any of the covenants under the Issuer's existing and future financings may constitute an event of default under such financings, entitling the lenders to, among other things, terminate future credit availability, increase the interest rate on outstanding debt and/or accelerate the maturity of outstanding obligations.

The IFRS methodology of the Financial Statements preparation requires management to make judgements, estimates and assumptions and the accuracy of these estimates and assumptions could have a material impact on the Financial Statements

The preparation of the Financial Statements requires the Issuer's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expense during the reporting period. On an ongoing basis, the Issuer's management evaluates its estimates and judgements, including those related to impairment losses on loans and advances, fair value of financial instruments, functional currencies, initial recognition of related party transactions, income taxes and other matters. Management bases its estimates and judgements on historical experience and on various other factors that it believes to be reasonable under the circumstances. Actual results may differ from these estimates and conditions, and such differences may be material.

The judgements, estimates and assumptions that the Issuer's management makes are based on information available at the time. Should circumstances change, the outcome may be materially different from what was envisaged at the time the judgements, estimates and assumptions were made. Should this occur, it could have a material adverse effect on the Financial Statements, including the reported profit and balance sheet.

The Issuer could suffer damage to its reputation

The ability of the Issuer to attract new customers and retain existing customers depends in part on its brand recognition and its reputation for and delivery of high-quality services. The Issuer's reputation and brand may be harmed if it encounters difficulties in the provision of new or existing services, whether due to technical difficulties, changes to its traditional product offerings, financial difficulties, regulatory sanctions or for any other reason. Any contractual claims, complaints and litigation, resulting from relationships with counterparties, customers, competitors or regulatory authorities could also damage reputation of the Issuer.

Furthermore, the Issuer operates in the non-bank sector which attracts media interest and regulatory oversight and, as a result, providing credit in a responsible, transparent and ethical way that meets the Issuer's customers' expectations is important for a sustainable performance. The Issuer could suffer damage to its reputation and brands as a result of negative publicity in connection with, for example, the perception of unreasonably high charges or debt collection practices. Negative publicity could also result from the activities of politicians, legislators, consumer protection agencies and the media, in spite of high levels of customer satisfaction. Such adverse publicity could directly affect customer consideration for the Issuer's products and their contractual repayments and result in increased regulation around pricing, debt to income levels and taxation with an adverse impact on the Issuer's financial performance.

Damage to reputation and brand of the Issuer, or a deterioration in the quality of its service, may have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

The Issuer may be unable to protect its proprietary technology or keep up with that of its competitors and it may become subject to intellectual property disputes, which are costly to defend and could harm its business and operating results

The success of the mobile lending business of the Issuer depends to a significant degree upon the protection of its software, trademarks and other proprietary intellectual property rights. The Issuer may be unable to deter misappropriation or other unauthorized use of its proprietary information or take appropriate steps to enforce its intellectual property rights. In addition, competitors could, without violating proprietary rights of the Issuer, develop technologies that are as good as or better than its technology. Failure to protect the Issuer's software and other proprietary intellectual property rights or to develop technologies that are as good as its competitors' could put it at a competitive disadvantage. Any such failures may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects or cash flows.

From time to time the Issuer faces, and it may face in the future, allegations that it has infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from its competitors. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require the Issuer to stop offering certain products or product features, acquire licenses which may not be available at a commercially reasonable price or at all, or modify its products, product features, processes or websites while it develops non-infringing substitutes. Such events may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects or cash flows.

The Issuer may be unable to recruit or retain experienced and/or qualified personnel

Success of the Issuer depends on its executive officers and employees who possess highly specialized knowledge and experience in IT and the development of the consumer lending business. Many members of the Issuer's senior management team possess significant experience in the consumer lending industry and knowledge of the regulatory and legal environments in the markets in which the Issuer operate, and it believes that its senior management would be difficult to replace. The market for qualified individuals is highly competitive and labour costs for the hiring and training of new employees are increasing. Accordingly, although the Issuer provides its executives and specialists with competitive compensation packages it may not be able to attract and/or retain qualified executive officers or IT specialists, which may have a material adverse effect on its business, financial condition, results of operations, prospects or cash flows.

The Issuer's business depends on services provided by third parties such as banks, local consumer credit agencies, debt-collection agencies and offline partners

The Issuer advances loans to customers, who deliver repayments from local bank accounts. The Issuer's continuing relationships with the banks with which it maintains accounts and with which it may in the future establish direct debit arrangements are critical to its business.

The Issuer contacts consumer credit agencies and uses other publicly available data sources to verify the identity and creditworthiness of potential customers. In addition, every loan application is verified through credit bureaus. Should access to such information be restricted or disrupted for any period of time, or if the rates the Issuer is charged for access to such information should significantly increase, it may not be able to complete automatic customer identity and credit scoring checks in a timely manner or at all. This could impede ability of the Issuer to process applications and issue loans and/or increase its cost of operation.

The Issuer generally outsources the collection of debt that is overdue by more than 60 days to debt collection agencies. The loss of a key debt-collection agency relationship, or the financial failure of one of the Issuer's core debt-collection agency partners, could restrict its ability to recover delinquent debt, and there is no guarantee that it could replace a strategic debt-collection agency partner in a timely manner or on favourable terms.

Catastrophes, pandemics and weather-related events may adversely affect the Issuer.

Services and operations of the Issuer are vulnerable to damage or interruption from catastrophes, pandemics (including Covid-19), power losses, telecommunications failures, terrorist attacks, acts of war and weather-related events including, but not limited to, tornadoes, earthquakes, fires and similar events. Such events also affect the ability of the Issuer's customers to repay loans if their household income is significantly reduced as a result of them. The incidence and severity of catastrophes, pandemics and weather-related events are inherently unpredictable. Although the Issuer has implemented business continuity plans, pandemics, acts of terrorism, war, civil unrest, violence or human error could cause disruptions to its business or the economy as a whole. Any of these events could cause consumer confidence to decrease, which could decrease the number of loans the Issuer makes to customers.

Any of these occurrences may have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects or cash flows.

Risks relating to the Bonds

Liquidity risk The Issuer intends to list the Bonds on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Even if the Bonds are admitted to trading on the aforementioned market, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in the bondholders not being able to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market will have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted to trading. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments under the Bonds is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds or other debt securities, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's operating results, financial condition or prospects.

The Issuer may redeem the Bonds for tax reasons

The Issuer may redeem all of the Bonds, but not some, only pursuant to Condition 6(b) in the event that the Issuer would be obliged to increase the amounts payable in respect of any Bonds due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any authority therein or thereof having power to tax.

On any such redemption for tax reasons, Bondholders would receive the principal amount of the Bonds that they held, together with interest accrued on those Bonds up to (but excluding) the date fixed for redemption. As with the optional redemption feature of the Bonds referred to above, it may not be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds and this may only be possible at a significantly lower rate. See "*Terms and Conditions of the Bonds –Redemption and Purchase – Redemption for taxation reasons*".

The Bonds are subject to optional redemption by the Bondholders

Upon the occurrence of a Put Event (as defined in "*Terms and Conditions of the Bonds –Redemption and Purchase –Redemption at the option of the Bondholders*"), if a Bondholder so requests, the Issuer will be required to redeem the Bonds subject to the Put Event Notice at their principal amount together with interest accrued to (but excluding) the Put Date (as defined in "*Terms and Conditions of the Bonds –Redemption and Purchase –Redemption at the option of the Bondholders*"). If any such Put Event was to occur and if any such

Bondholder so requests, there can be no assurance that the Issuer would have sufficient funds available at the time to pay the price of the outstanding Bonds subject of the notice. See "*Terms and Conditions of the Bonds – Redemption and Purchase –Redemption at the option of the Bondholders*".

Global Bonds are held by or on behalf of Clearstream, Luxembourg and investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Bonds will be represented by Global Bonds, except in certain limited circumstances described in the Permanent Global Bond. The Global Bonds will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Bond, investors will not be entitled to receive Bonds in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by the Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Bonds must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bonds.

Holders of the beneficial interests in the Global Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Modification and waivers

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Bonds are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Bonds will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the

Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Bonds.

There may be no further update of the Information Memorandum

The Issuer is under no obligation to annually update the Information Memorandum and any offer or sale made on the basis of the information in the Information Memorandum shall not create any implication that the Information Memorandum is accurate at any time subsequent to the date thereof with respect to the Issuer or that there has been no change in the business, financial condition or affairs of the Issuer.

Risks arising in connection with the Spanish Insolvency Law

The Spanish insolvency law, enacted pursuant to Royal Legislative Decree 1/2020, of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), as amended (the "**Spanish Insolvency Law**") regulates court insolvency proceedings, as opposed to out-of-court liquidation, which is only available when the debtor has sufficient assets to meet its liabilities.

A debtor (and in the case of a company its directors) is required to apply for insolvency proceedings when it is not able to meet its current obligations (*insolvencia actual*) within two months from the moment they knew, or ought to have known, of the current insolvency situation. The debtor is also entitled to apply for such insolvency proceedings when it expects that it will shortly be unable to do so (*insolvencia inminente*). Insolvency proceedings are available as a protective measure in order to avoid (i) the attachment of its assets or (ii) certain enforcement actions that could be taken by its creditors.

The court order declaring the insolvency of the debtor shall contain an express request for the creditors to communicate and declare to the receivers any debts owed to them, within a one-month period starting from the date after the publication of the insolvency in the State Official Gazette (*Boletín Oficial del Estado*), providing documentation to justify such credits. Based on the documentation provided by the creditors, the insolvency receivers draw up a list of acknowledged creditors and classify them according to the categories established under the Spanish Insolvency Law as follows: (i) debts against the insolvency estate, (ii) debt benefiting from special privileges, (iii) debt benefiting from general privileges, (iv) ordinary debt and (v) subordinated debt.

Those claims classified within the insolvency proceeding as ordinary claims shall rank ahead of subordinated claims but behind privileged creditors and creditors against the insolvency estate. In the case of insolvency of the Issuer, the claims against the Issuer in respect of principal of the Bonds will rank *pari passu* with all other outstanding unsecured and unsubordinated claims (see Condition 2 (Status)). However, certain actions or circumstances which are beyond the control of the Issuer may affect the relevant classification of the claims under the Bonds.

The Insolvency Law provides, among other things, that: (i) any claim may become subordinated if it is not reported to the insolvency administrators (*administradores concursales*) within one month from the last official publication of the court order declaring the insolvency, (ii) provisions in a contract granting one party the right to terminate by reason only of the other's insolvency will not be enforceable, and (iii) accrual of interest (other than interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended from the date of the declaration of insolvency and any amount of interest accrued up to such date (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall become subordinated.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings. When compatible, in order to protect the interests of the debtor and its creditors, the law extends the jurisdiction of the court dealing with insolvency proceedings, which is, then, legally authorised to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labour or administrative law).

Bondholders should be aware (i) of the effects of a declaration of insolvency of the Issuer; and (ii) that their claims against the Issuer would therefore be subordinated behind other classes of creditor set out above.

Minimum Denomination

As the Bonds have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000. In such case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Bond in definitive form in respect of such holding (should Bonds in definitive form be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to the minimum denomination.

BUSINESS DESCRIPTION

The information in this section is correct as at the date of this Information Memorandum. The Issuer is not under any obligation to update this section, and there is no implication that the information contained in this section is correct at any time subsequent to its date.

Overview

The Issuer is a subsidiary of ID Finance Investments , the leading international digital provider of consumer loans in Spain and Latin America that focuses on information technologies and innovation (also known as "**fintech**") as a core component of its operations. In 2020, the Group was ranked the fastest growing fintech in Spain for 2019 by the Financial Times and the most innovative financial service for 2020 by Corp Today Magazine. The Group has over 3.7 million registered users, it generated EUR81 million revenue and EUR5.5 million operating income in 2019.

The Issuer operates in Spain, it was founded in 2015 with the aim to simplify consumer lending. At the end of June 2020, it had more than 1.3 million of registered online customers, representing the growing number of consumers who use alternative financial services because of their convenience or because they adapt better to the client's needs.

The Issuer provides a range of convenient, competitive and transparent finance services available over the internet on the basis of a data-driven financing platform operated by IDF Technology. This financing platform uses machine learning and advanced data science techniques to improve access to competitive financial services.

Business Operations

The Issuer provides customer digital loans under MoneyMan and Plazo brands, which a leading brands among alternative lending brands by number of brand searches.

These products provide fast and convenient access to the financial services via the web and mobile platforms and are customized for clients who use alternative financial services often because they have no or limited credit history and need a convenient access to the financial services.

The target customers are mostly young tech savvy consumers up to 40 years with full-time employment and EUR1,000-1,500 monthly income.

The process of customer acquisition includes well-diversified channels for attracting high-value customers:

• *Brand and organic*: key acquisition channel which provides the most loyal clients with the lowest acquisition costs. At the end of June 2020, Moneyman was leading alternative lending brand in Spain. Brand is important for several reasons:

- When potential customers are looking to solve a financial problem, the best brand gets the best customers;

- Better positioning that gives more trust in front of the potential customers, also improves the retention;

- A strong brand also helps all the other online and offline marketing channels by improving the probability that the client would try the product.

• *Cost-per-action*: acquiring clients via global relationship with key partners to guarantee favourable terms. Those are online and offline partners that generates sales leads that are converted by our process. Their remuneration is based on success fee, they get a commission if the Issuer converts such lead into a full application or an issued loan. In the case of online channels, in addition to traditional comparison websites, the Issuer works with specialized websites via full APIs to guarantee the best UX on the partner side;

• *Pay-per-click*: continuous optimization of acquisition costs via Google (via Adwords), Bing (with Bing Ads), Facebook and different browsers. Besides, remarketing platforms are used to increase the conversion of users who showed interest in the product, having display ads in main online newspapers and also in "related content" sections that can be interesting for users.

• *Direct marketing*: the most important channel to generate repeat business. Continuous "dialogue" with clients and propensity scoring insures high client life-time value. This is a key channel to retain customers since the communication is performed directly with the clients. It is performed via notifications (email, sms, push notifications, letters, telesales and other communication channels), and it gives the ability to have a full view of customers' behaviour by leveraging a lot of data points collected. Such enriched information can be used in order to further customize the product and the offer to clients.

• *Mobile marketing*: mobile app driven marketing increases retention rate. More than 90% of the interactions with the customers are coming from mobile, so all the above points must take into consideration that the ultimate point of contact, the final "click" most probably is done on a mobile device and managed accordingly.

The Issuer has dedicated team for each marketing channel in place with clear KPIs for marketing split, cost and retention.

Omni-channel marketing provides seamless customer experience across all channels, resulting in best-in-class NPS (net promoter score) of 68 (while banks on average have 32), as well as high retention rate of 80%.

Once the client is landed on the Issuer's website or app, the application process begins. The verification and approval process is conducted in real time and the client mostly gets an instant decision. During this process, the Issuer performs client identification, credit policy and antifraud checks with the automatic algorithm analysing numerous data points in real time.

The Issuer established automated portfolio management process divided into several stages from pre-collection (before the client falls into delay) to the legal collections and debt sale. The Issuer sets up strategies for automated process of the portfolio servicing for each stage of the cycle.

The full credit cycle is highly efficient and automated due to best-in-class proprietary IT platform and deep expertise in risk management. IDF Technology and IDF Lab, the unified IT development, risk and data science centres of the Group wholly owned by ID Finance Investments. The centres employ over 200 professionals.

As at 31 June 2020, the Issuer had total assets of EUR33,911 thousand and total equity of EUR7,645 thousand, compared to total assets of EUR33,018 thousand and total equity of EUR5,402 thousand as at 31 December 2019 and total assets of EUR14,798 thousand and negative total equity of EUR863 thousand, as at 31 December 2018.

For the six-month period ended 30 June 2020, the Issuer had generated revenue of EUR31,445 thousand and net profit of EUR2,243 thousand, as compared to EUR19,381 thousand of revenue and EUR1,441 thousand of net profit for the six-month period ended 30 June 2019.

For the year ended 31 December 2019, the Issuer had generated revenue of EUR48,521 thousand and net profit of EUR3,265 thousand, as compared to EUR23,049 thousand revenue and EUR73 thousand net profit for the year ended 31 December 2018.

The substantial changes to the financial results and financial position in the period under review reflects the Issuer's dynamic growth and rapid expansion of business operations.

After COVID-19 began rapidly spreading across the world, the Issuer decided to take proactive measures and despite growing market demand for lending in March 2020 (increase in the number of applications from the customers) tightened its credit policy which caused reduction of credit applications approval rate by third compared to pre-crisis levels in January and February.

In June 2020, the demand for the consumer loans started to recover, applications increased by 25% M-o-M in June and reached the pre-crisis level. At the same time, the Issuer pursue robust credit policy and does not intend to reverse it, despite the signs of improvement in the Spanish macroeconomic situation.

The measures taken in advance helped to maintain credit portfolio quality and decrease levels of non-performing loans, resulting in maintaining profitable and sustainable operations during six-month period ended 30 June 2020.

The Issuer has adapted its business processes in advance in order to be able to operate efficiently during the COVID-19 pandemic by taking such pro-active measures as preparation to remote working early in advance of introduction of the lock down regime in Spain and daily monitoring of the situation. Digital nature of the business, robust credit policy, keeping liquidity cushion and diversified funding sources in local currency which eliminate the currency fluctuation risks helped the Issuer to minimise negative impact of the COVID-19 pandemic on its business, financial conditions and results of operations.

Competitive Strengths

The Issuer's management believes that it has a number of competitive advantages in the digital consumer lending market, including the following key strengths:

Industry-leading technology and risk management expertise

Robust data science and credit scoring capabilities of the Group are built on a proprietary state-of-the-art IT platform which is supported by fully dedicated in-house teams. IDF Technology and IDF Lab, the unified IT development, risk and data science centres of the Group wholly owned by ID Finance Investments. The IT platform of the Group enables provision of fully automated lending service online 24/7.

A fast and flexible customer verification and credit approval process was built on the basis of the Group's IT platform and allows a complete comprehensive risk assessment and client verification within 2-3 minutes of receipt of an application from a potential client using conventional and unconventional data from various sources of information. The platform was built from the ground-up using integrated and leading-edge banking IT systems that provide robust risk management and credit decision information. The management of the Issuer believes that the credit evaluation process the Group has developed is unique in the consumer loan market due to its flexibility, quality and speed. The proprietary IT platform allowed to react quickly to the pandemic in the first half of 2020 and adapt settings accordingly in order to maintain operating efficiency.

In addition, the platform supports the digitalization of the Issuer's principal business processes allowing the servicing of clients without paperwork thereby increasing efficiency of operations, faster turnover and enhanced customer service.

Leadership position on the growing market

The Issuer operates in Spain, the market characterised by high mobile penetration and young, tech-savvy generation with the high demand for the convenient digital financial products, which provides an enormous opportunity for growth.

The alternative lending market is divided among the existing players, and despite its growth, no new players appeared within the recent years who could achieve noticeable market share. The main competitors of the Issuer are alternative lenders with such brands as Vivus (4Finance Group), Dineo, Cashper, Ferratum.

Launched in 2015, the Issuer managed to develop strong brand awareness on the Spanish market and became leading alternative lending brand (according to Google brand search statistics) in the first half of 2020, and keeps working on the brand recognition to benefit for good clients inflow.

Financial sustainability

The Issuer launched its operations in 2015 and achieved breakeven on a net profit level in 2018, on the third year of its operations. The fully online business model allowed to scale the operations while keeping the costs under control.

The Issuer managed to withstand the COVID-19 pandemic and reported EUR2,243 thousand profit and 7.1% net income margin for the six-month period ended 30 June 2020. It allowed to decrease leverage in the business and increase equity/asset ratio from 16.4% to 22.5% during the first half of 2020. At the same time, the Issuer keeps growing with 62% revenue growth for the first half of 2020 versus the same period of 2019.

Portfolio quality has improved due to tightened credit policy, with NPL level (loans overdue by more than 90 days) decreasing from 43.7% as at 31 December 2019 to 36.5% as at 30 June 2020. The Issuer applies conservative provisioning policy with 134.4% provision coverage ratio (Loan Loss Allowance / NPL 90 days) as at 30 June 2020.

The Issuer maintains the cash balance on the sufficient level to be prepared in case of liquidity need, keeping cash balance of 12.1% of the total assets as at 30 June 2020, well above internal requirement of 5%.

During the first half of 2020, the Issuer substantially diversified funding structure towards longer-term unsecured borrowings. In particular, the share of secured funding decreased from 74% as at 31 December 2019 to 59% as at 30 June 2020 and share of long-term funding increased from 29% as at 31 December 2019 to 59% as at 30 June 2020 making the funding structure more sustainable and the funding sources longer in maturity than the loan portfolio of the Issuer.

Highly Qualified Global and Local Management Team

The Issuer benefits from having an experienced management team which combines unique technological expertise, deep local market knowledge and robust management skills. Many of the Issuer's senior managers have extensive experience over 15 years in banking and finance and previously held senior positions at leading international financial institutions, such as GE, Citi, Royal Bank of Scotland, etc. The team has excellent knowledge of the fintech industry and loan market, which is supplemented by extensive knowledge in the latest financing and information technologies, as well as deep understanding of the regulatory framework.

Product Portfolio Aligned with Market Demand

The Issuer offers innovative digital lending products to individuals in a responsible and sustainable way. The Issuer has designed a range of convenient, competitive and transparent finance services available over the internet. Convenient online and mobile loan products aim to protect customer privacy, provide easy online access to funding and offer easy-to-understand fee and interest structures. The Issuer offers consumer loans with maturities varying from 5 days to 36 months without need to provide any security.

High quality customer service

One of the main features of the Issuer's operations is a focus on providing high quality services to its customers. The management of the Issuer believes that its customer service is ahead of many of its peers in the industry. In July 2019, the Group generated an industry-beating Net Promoter Score (NPS, the score showing how likely customers are to recommend the service to other people) of 68, which is higher than the NPS of traditional banks (32 on average for the banks). Customer service is supplemented by advanced IT systems used in the Issuer's operations, including digitalized paperwork and cloud-based personal accounts that allow clients to access information and deal with the Issuer online anytime they need to.

Speed and visibility

The Issuer believes that it is currently one of the fastest digital consumer loan providers on the microfinancing market for its products in Spain. Requests for all products are typically approved within 2 to 3 minutes of receipt of a client application due to proprietary state-of-the art artificial intelligence and data science technologies. The loans are typically disbursed to the customer's bank account the same day as the application is approved. The Issuer designed its websites and mobile applications to be as simple and convenient as possible to use, with clear terms and conditions.

Strategy

The Issuer's overall strategic objective is to further expand its operations, adding new products, improving customer service and strengthening leadership position in Spain.

To achieve this objective, the Issuer seeks to:

- continue growth of the existing products and increase the market share;
- diversify product range to better fit clients' needs;
- develop relationship with data providers and affiliate networks, as well as further automate processes to optimize costs and improve profitability;
- improve product terms for clients, which in turn will increase loyalty and clients retention;
- improve verification processes and scoring models via enriching client database and adding new data sources and data points;
- enhance automation at each stage of portfolio management to improve operating cash inflow;
- diversify funding sources to extend debt maturity and switch focus for unsecured funding;
- contribute to the improvement of the financial inclusion of its customers; and
- increase the visibility of the brand and enhance relations with investors.

Management

Biographical description of the global Group's management

Boris Batin. Boris is the co-founder of the Group and its Chief Executive Officer. He has extensive experience working in banking for more than 15 years. Prior to starting ID Finance with another co-founder Alexander Dunaev, he held several top management positions from deputy director of capital market division to vice-president in Deutsche Bank Group in London, Renaissance Capital and Royal Bank of Scotland. Mr. Batin graduated from the University of Cambridge in England with honours in 2003, and he holds a Ph.D. in Economics.

Alexander Dunaev. Alexander is the co-founder of the Group and its Chief Operating Officer. He has extensive experience working in banking and finance for more than 10 years. Prior to starting ID Finance, he worked at Deutsche Bank Group in London. In 2007, Mr. Dunaev graduated with honours bachelor's degree in economics from the University of Warwick. In 2008, he received a master's degree in Finance from the Imperial College London. Alexander is a Certified Financial Analyst (CFA).

Kieran Donnelly. Mr. Donnelly is an advisor to the Board of Directors. He has experience working in banking and finance for more than 30 years. Prior to joining the Group in 2017, Kieran Donnelly served as CEO at

4finance, the European online and mobile consumer lending group for three years. He also holds senior roles at Standard Bank Group, MDM Bank and Renaissance Group. Mr. Donnelly graduated with honours bachelor's degree from Fordham University in New York.

Javier López. Mr. López is the Chief Financial Officer of the Group. He has experience working in financial services and finance for more than 20 years. Before joining the Group in 2018 he held several top management positions in General Electric and Standard Chartered Bank. Mr. López graduated from ESADE University (Barcelona, Spain) with a degree of Master in Business Administration in International Management.

Tim Kostin. Mr. Kostin is the Chief Risk Officer of the Group. Tim has wide diversified experience which includes more than 12 years of working in banking and more than 8 years in risk, marketing and CRM. He held senior roles at Bank VTB, Trust Bank, MTS (telecom company) and SAS (software company). Mr. Kostin graduated from Moscow State University with degree in Applied Mathematics and Cybernetics.

Alessandro Ceschel. Mr. Ceschel is the Chief Marketing Officer of the Group. Alessandro has more than 11 years of professional experience in digital marketing and international IT-projects. Prior to joining the Group in 2015 he developed online businesses B2C, B2B and P2P in Spain for Ulabox, Logismarket, Socialcar and worked in MNC (Nestlé, Italy) and in early stage start-ups. Alessandro Ceschel graduated from the University of Padova in 2006 with a degree of Master in Business Administration and Industrial Engineering.

Jose Manuel Novo. Mr. Novo is the Head of Legal & Compliance of the Group. Jose Manuel served more than 11 years as a senior lawyer at Roca Junyent Law Firm in Barcelona. In 2004, graduated law studies at the Faculty of Law of the Complutense University of Madrid (Spain). He holds Master Degree in International Commerce from the Business Faculty of the Complutense University of Madrid in 2005.

A biographical description of the Issuer's management

Marco Silva. Mr. Silva is the Chief Operating Officer of the Issuer. Mr. Silva has over 15 years of work experience in banking. He previously held senior Credit & Collections roles at CitiBank and Ricoh. Marco Silva holds an eMBA from Universitat Oberta de Catalunya.

Alex Calvo. Mr. Calvo is the Chief Financial Officer of the Issuer. He has over 11 years of work experience in finance. Mr. Calvo previously worked in London at Spectris PLC and in Barcelona at Deloitte. Mr. Calvo graduated from Pompeu Fabra University (Barcelona, Spain) with a degree in Business Management.

Helena Fuentes. Mrs. Fuentes is the Head of Legal & Compliance of the Issuer. She has over 15 years of work experience in legal practice focussed in compliance, privacy, IT Law and data protection. Mrs. Fuentes previously worked at PwC. She graduated from San Pablo CEU with a degree in Law.

Carlos Martin. Mr. Martin is the Marketing Director of the Issuer. He has more than 5 years of experience in marketing in fintech industry. Mr. Martin joined the Issuer early in 2016, when it started operating. Mr. Martin holds a master degree in Marketing Management from EAE Business School and University Politècnica de Catalunya. He graduated from Salamanca University with a degree in Economics.

Group Structure and Ownership

The Issuer is the wholly owned subsidiary of ID Finance Investments. The Issuer has a branch in Mexico where part of the Issuer's call center is based. As at the date of this Information Memorandum, 40.2 per cent. of the shares in ID Finance Investments are owned by Boris Batin and Alexander Dunaev, the co-founders of the Group, 20.6 per cent. are owned by Zelencium Limited, a venture capital fund, 29.4 per cent. are owned by the angel investors, 4.2 per cent. are owned by the management of the Group. In December 2019, ID Finance Investments completed a record-breaking €5.4 million equity raise on Crowdcube attracting more than 1100 new investors. As at the date of this Information Memorandum, Crowdcube holds 5.6 per cent. of ID Finance

Investments. ID Finance Investments also owns the operating companies of the Group in Spain, Brazil and Mexico, IDF Technology, the unified development center of the Group and IDF Lab, risk and date science center of the Group.

Litigation

The Group may from time to time be the subject of legal proceedings and other investigations in the ordinary course of its business. As at the date of this Information Memorandum, the Group is not involved in any governmental, legal or arbitration proceedings, which might have a material adverse effect on its business, financial condition and results of operations.

SELLING RESTRICTIONS

General

Neither the Issuer nor the Placing Agent has made any representation that any action will be taken in any jurisdiction by the Placing Agent or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Information Memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Each of the Placing Agent and the Issuer has agreed that it has in all material respects (to the best of its knowledge and belief) complied and will comply with all applicable laws and regulations in each jurisdiction in which it offers, sells or delivers Bonds. Each of the Placing Agent and the Issuer has severally undertaken that it will use its reasonable efforts not to, directly or indirectly, offer or sell the Bonds in any country or jurisdiction except under circumstances that will (to the best of its knowledge and belief) result in compliance with any applicable laws and regulations and all offers and sales of the Bonds by it will be made on the same terms.

The Issuer, directly or through entities acting on behalf of the Issuer or entities affiliated with the Issuer, and/or entities related to or affiliated with the Issuer, acting on their own behalf, are considering purchasing a material portion of the aggregate principal amount of the Bonds in the offering and/or in the secondary market.

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Bonds are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Placing Agent has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Placing Agent has represented, warranted and undertaken with the Issuer that:

(i) **Financial promotion**: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Kingdom of Spain

The Placing Agent has represented and agreed that the Bonds may not be sold, offered or distributed, nor may any subsequent resale of the Bonds may be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirementes under Spanish securities laws. The Bonds shall only be directed specifically at, or made to, professional clients (*clientes profesionales*) as defined in Article 205 of the Spanish Securities Market Law approved by legislative Royal Decree 4/2015, of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the "**Spanish Securities Market Law**") and Article 58 of Royal Decree 217/2008, of 15 February, and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law.

Prohibition of Sales to EEA and UK Retail Investors

The Placing Agent has represented, warranted and undertaken with the Issuer that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Bonds to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as professional client as defined in point (10) of Article 4(1) of MiFID II.

TERMS AND CONDITIONS OF THE BONDS

The following, save for the paragraphs in italics, are the terms and conditions of the Bonds which will be incorporated by reference into the global Bonds and endorsed on the Bonds in definitive form.

The issue of the €40,000,000 9.50 per cent. Bonds due 2023 (the "**Bonds**", which expression includes any further bonds issued pursuant to Condition 13 and forming a single series therewith) of IDFinance Spain, S.A.U. (the "**Issuer**") was authorised by decisions of the Sole Director of the Issuer passed on 1 September 2020 and 22 September 2020. A fiscal agency agreement to be dated on or around 25 September 2020 (the "**Fiscal Agency Agreement**") will be entered into in relation to the Bonds between the Issuer, Citibank, N.A., London Branch as fiscal agent and the paying agents named in it. The fiscal agent and the paying agents for the time being are referred to below respectively as the "**Fiscal Agent**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent). The Fiscal Agency Agreement includes the form of the Bonds and the coupons relating to them (the "**Coupons**"). Copies of the Fiscal Agency Agreement (which contains these terms and conditions of the Bonds (the "**Conditions**")) are available for inspection during normal business hours at the specified offices of the Paying Agents. The holders of the Bonds (the "**Bondholders**") and the holders of the Coupons (whether or not attached to the relevant Bonds) (the "**Couponholders**") are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

The Issuer will execute an *escritura pública* (the "**Public Deed**") before a Spanish notary public in relation to the issue of the Bonds on or before the Issue Date (as defined below). The Public Deed contains, among other information, these Conditions.

1 Form, Denomination and Title

(a) **Form and denomination**: The Bonds are serially numbered and in bearer form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, each with Coupons attached on issue. No definitive Bonds will be issued with a denomination above €199,000. Bonds of one denomination may not be exchanged for Bonds of any other denomination.

(b) **Title**: Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2 Status

The Bonds and Coupons constitute (subject to Condition 3) direct, general, unconditional, unsubordinated and unsecured obligations (*créditos ordinarios*) of the Issuer and in the event of insolvency (*concurso*) of the Issuer (unless they qualify as subordinated claims (*créditos subordinados*) under Article 281 of the Spanish insolvency law enacted pursuant to Royal Legislative Decree 1/2020, of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) or any equivalent legal provision which may replace it in the future and subject to any legal and statutory exceptions) will rank *pari passu* without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

3 Negative Pledge

So long as any Bond or Coupon remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not, and will ensure that none of its Subsidiaries will create, or permit to arise or subsist any

Lien (other than a Permitted Lien), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Indebtedness, without at the same time or prior thereto according to the Bonds and the Coupons the same security as is created or subsisting to secure any such Indebtedness or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Bondholders.

4 Covenants

For so long as any Bond or Coupon remains outstanding (as defined in the Fiscal Agency Agreement),:

(a) **Mergers**: the Issuer shall not (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable law) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer or the Group, to another Person, unless:

(i) (A) the surviving or resulting entity or the transferee (the "**Successor Entity**") is the Issuer or, (B) if not the Issuer, the Successor Entity (x) assumes all the obligations (if any) of the Issuer under the Bonds and the Fiscal Agency Agreement, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations; and

(ii) such transaction(s) would not, individually or in the aggregate, have or be reasonably expected to have a Material Adverse Effect.

(b) **Asset Sales**: The Issuer shall not, and shall ensure that none of its Subsidiaries shall, directly or indirectly, consummate an Asset Sale, unless (x) the terms of such Asset Sale are substantially no less favourable to the Issuer or the relevant Subsidiary, as the case may be, than those which would be obtained in a comparable arm's length transaction and on commercially reasonable terms and (y) the proceeds received by the Issuer or such Subsidiary (less any costs and expenses incurred in relation to such Asset Sale) from such Asset Sale (the "**Disposal Proceeds**") are:

(i) applied to repay permanently any Indebtedness (other than Indebtedness subordinated to the Bonds or Coupons);

(ii) invested in assets of a nature or type that is used or usable in the Core Business of the Issuer and its Subsidiaries or otherwise invested in the Core Business of the Issuer and its Subsidiaries;

(iii) retained as cash deposited with a bank; and/or

(iv) applied to finance the acquisition, merger, reorganisation or other combination of a business of the Group with the business of a Person whose business is similar to the Core Business,

in each case, within 360 days of the date when such proceeds are received; provided that, if the Disposal Proceeds are applied pursuant to Condition 4(b)(iii), the Issuer or such Subsidiary, as the case may be, shall apply or invest the Disposal Proceeds on or prior to the date falling 540 days after the date when such proceeds are received either to (i) repay permanently any Indebtedness (other than Indebtedness subordinated to the Bonds or Coupons), (ii) invest in assets of a nature or type that is used or usable in the ordinary course of business of the Issuer or any of its Subsidiaries, being the Core Business or (iii) finance the acquisition, merger, reorganisation or other combination of a business of the Group with the business of a Person whose business is similar to the Core Business.

(c) **Payments of taxes and other claims**: The Issuer shall, and shall ensure that its Subsidiaries will, pay or discharge or cause to be paid or discharged, before the same shall become overdue and without incurring penalties, (a) all taxes levied or imposed upon the income, profits or property of the Issuer and its Subsidiaries and (b) all lawful claims for labour, materials and supplies which, if unpaid, will by law become a Lien (other than a Permitted Lien) upon the property of the Issuer or its Subsidiaries; provided, however, that none of the Issuer or its Subsidiaries shall be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim (a) whose amount, applicability or validity is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS, as consistently applied, or other appropriate provision has been made or (b) whose amount, together with all such other unpaid or undischarged taxes, assessments, charges and claims, would not, if not paid, result, or be reasonably expected to result in, Material Adverse Effect.

(d) **Restricted Payments**: The Issuer shall not, and shall ensure that none of its Subsidiaries shall, directly or indirectly, make a Restricted Payment, unless at the time of and after giving effect to such Restricted Payment:

(i) no Event of Default or Potential Event of Default shall have occurred and be continuing (or would result therefrom); and

(ii) the aggregate amount of such Restricted Payment made during any financial year of the Issuer would not exceed 50% of the Consolidated Net Profit for the previous financial year determined by reference to the Issuer's audited consolidated financial statements for the previous financial year published pursuant to Condition 4(g).

(e) **Maintenance of Authorisations**: The Issuer shall obtain, comply with the terms of and do all that is necessary to ensure the continuance of its corporate existence, its Core Business and intellectual property relating to its Core Business and shall maintain in full force and effect all authorisations, approvals, licences and consents and make or cause to be made all registrations, recordings and filings, which may at any time be required to be obtained or made in any relevant jurisdiction for the purposes of the execution, delivery or performance of its obligations under the Bonds and Coupons and for the validity and enforceability thereof, provided that, in any case, if the Issuer remedies any failure to comply with the above within 90 days of such failure or of the occurrence of such event, then this covenant shall be deemed not to have been breached.

(f) **Notification of Events of Default**: The Issuer shall promptly on becoming aware thereof inform the Fiscal Agent of the occurrence of any Event of Default or Potential Event of Default and, upon receipt of a written request to that effect from the Fiscal Agent, confirm to the Fiscal Agent that, save as previously notified to the Fiscal Agent or as notified in such confirmation, no Event of Default or Potential Event of Default has occurred.

(g) **Financial Information**: The Issuer shall deliver to the Fiscal Agent and publish on its website:

(i) not later than 150 days after the end of the Issuer's financial year, copies (in English) of the Issuer's consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period, and all such annual financial statements of the Issuer shall be accompanied by the audit report (in English) of the Auditors thereon;

(ii) not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies (in English) of the Issuer's consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period and all such financial statements of the Issuer shall be accompanied by the review report (in English) of the Auditors thereon.

(h) **Change of Business**: The Issuer shall not and will not permit any Subsidiary of the Issuer to make any change to the general nature of the Core Business of the Group.

5 Interest

(a) **Interest rate**: The Bonds bear interest from and including 25 September 2020 (the "**Issue Date**") at the rate of 9.50 per cent. per annum, payable quarterly in arrear in equal instalments of €23.75 per Calculation Amount (as defined below) on 25 March, 25 June, 25 September and 25 December in each year (each an "**Interest Payment Date**").

(b) **Accrual of interest**: Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day seven days after the Fiscal Agent has notified the Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of 9.50 per cent., the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In these Conditions:

"**Interest Period**" shall mean the period beginning on and including 25 September 2020 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

6 Redemption and Purchase

(a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 25 September 2023 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) **Redemption for taxation reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the

Bondholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by the sole director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) **Redemption at the option of the Bondholders:**

If a Put Event occurs, the holder of each Bond will have the option (a "**Put Option**") (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(b) or 6(d)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Bond on the Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Put Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall without delay give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 14 specifying the nature of the Put Event, the procedure for exercising the Put Option and the date on which the Put Period will end.

To exercise the Put Option, the holder of a Bond must deliver such Bond to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Put Period**") of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Notice**"). The Bond should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the "**Put Date**"), failing which the Paying Agent will require payment from or on behalf of the Bondholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement thereof issued pursuant to Condition 11) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Bond and Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Put Date unless previously redeemed (or purchased) and cancelled.

In this Condition:

"**Put Event**" means any of the following events:

(i) any "person" or "group" (within the meaning of Sections 13(d) or 14(d) of the Exchange Act but excluding any Subsidiary) other than Permitted Holders has become, directly or indirectly, the beneficial owner, by way of merger, consolidation or otherwise, of more than 50 per cent. of the voting power of the Voting Stock of the Issuer on a fully-diluted basis, after giving effect to the conversion and exercise of all outstanding warrants, options and other securities of the Issuer convertible into or exercisable for Voting Stock of the Issuer (whether or not such securities are then currently convertible or exercisable); or

(ii) the Permitted Holders, together, beneficially own less than 15 per cent. of the voting power of the Voting Stock of the Issuer on a fully-diluted basis, after giving effect to the conversion and exercise of all outstanding warrants, options and other securities of the Issuer convertible into or exercisable for Voting Stock of the Issuer (whether or not such securities are then currently convertible or exercisable).

(d) **Redemption at the option of the Issuer**: The Issuer may at any time prior to the Maturity Date, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Optional Redemption Date**")), redeem all, but not some only, of the Bonds at a redemption price per Bond equal to the Make Whole Amount together with interest accrued to but excluding the Optional Redemption Date.

Any notice of redemption given under this Condition 6(d) will override any notice of redemption given (whether previously, on the same date or subsequently) under Conditions 6(b) or 6(c).

In this Condition:

"**Independent Financial Adviser**" means an independent financial institution of international and reputable standing appointed by the Issuer in good faith and at its own expense;

"**Make Whole Amount**" means the higher of:

(i) 101.00 per cent. of the principal amount of the Bond; and

(ii) the sum of the present values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Bonds to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at a rate equal to the Reference Rate (as defined below) plus 1 per cent. in respect of the number of years to the Maturity Date of the Bonds calculated by the Issuer;

"**Reference Bund**" means the German Government Bond Rate, with ISIN DE0001141786;

"**Reference Dealers**" means each of the four banks selected by an Independent Financial Adviser which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues;

"**Reference Rate**" means the average of the four quotations given by the Relevant Dealers of the mid-market annual yield of the Reference Bund on the fourth Business Day preceding the Optional Redemption Date at 11.00 a.m. (Central European Time (CET)). If the Reference Bund is no longer outstanding, a Similar Security will be chosen by an Independent Financial Adviser at 11.00 a.m. (CET) on the third Business Day in London preceding the Optional Redemption Date, quoted in writing by such Independent Financial Adviser;

"**Similar Security**" means a reference bond or reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be used, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

(e) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

(f) **Purchase:** Each of the Issuer and its Subsidiaries (as defined in the Fiscal Agency Agreement) may at any time purchase Bonds in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 6(g) below, they are purchased together with all unmatured Coupons relating to them). The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 12 (a).

(g) **Cancellation:** All definitive Bonds so redeemed or purchased and any unmatured Coupons attached to or surrendered with them (other than any Bonds or Coupons purchased in the ordinary course of a business of dealing in securities) will be cancelled and may not be re-issued or resold.

7 Payments

(a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent outside the United States by euro cheque drawn on, or by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET2 system. Payments of interest due in respect of any Bond other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.

(b) **Payments subject to laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 8) for the relevant payment of principal.

(d) **Payments on business days:** A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 7 falling after the due date. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a euro account as referred to above, and which is a TARGET Settlement Day.

(e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Fiscal Agent, and (ii) Paying Agents having specified offices in at least two major European cities.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (collectively, "**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf the Kingdom of Spain or any authority therein or thereof having power to tax (the "**Spanish Tax Authorities**"), unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

(a) **Other connection:** by or on behalf of a holder or beneficial owner who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with Spain other than the mere holding of the Bond or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date**: more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

(c) **Information requested by Spanish Tax Authorities**: while the Bonds are represented by Global Bonds and the Global Bonds are deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg, to, or to a third party on behalf of, a Bondholder who does not provide to the Issuer or an agent acting on behalf of the Issuer the information concerning such Bondholder as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 as eventually made by the Spanish Tax Authorities; or

(d) **Information requested by Spanish Tax Authorities**: while the Bonds are represented by definitive Bonds, to, or to a third party on behalf of, a Bondholder who does not to comply with the Issuer's request to provide a valid certificate of tax residence duly issued by the tax authorities of the country of tax residence of the beneficial owner of Bonds, which the Bondholder or the beneficial owner is required to provide by the applicable tax laws and regulations of the relevant taxing authority as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by such relevant taxing authority; or

(e) **Presentation for payment in the Kingdom of Spain**: where the relevant definitive Bond is presented for payment in the Kingdom of Spain; or

(f) Any combination of items (a) through (e) above.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Bonds by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

"**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders. Any reference in these Bonds Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 8.

9 Events of Default

If any of the following events occurs and is continuing:

(a) **Non-Payment:** the Issuer fails to pay the principal or any interest on any of the Bonds when due and such failure continues for a period of five Business Days in the case of principal or seven Business Days in the case of interest; or

(b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds (including, but not limited to, any provision of Conditions 3) which default is incapable of remedy or is not remedied within 30 calendar days after notice of such default shall have been given to the Issuer or to the Fiscal Agent at its specified office by any Bondholder; or

(c) **Cross-Default:** any present or future Indebtedness of the Issuer or its Subsidiaries (i) is not paid upon the later of (a) when due upon final maturity or (b) if there is an originally applicable grace period in respect of such Indebtedness at final maturity, upon the expiration of such originally applicable grace period or (ii) becomes (or becomes capable of being declared) due and payable prior to its specified maturity as a result of an event of default (however described); provided that, either, (x) the individual amount of such Indebtedness that is not so paid (after the expiration of any such originally applicable grace period) or so due and payable equals or exceeds €500,000 or (y) the aggregate amount of such Indebtedness that is not so paid (after the expiration of any such originally applicable grace period) or so due and payable equals or exceeds €1,000,000; or

(d) **Enforcement Proceedings:** proceedings, including, without limitation, distress, attachment, execution or other legal process, are initiated against the Issuer such that a Person takes possession of the whole or any part of the undertaking or assets of it, or an execution or attachment or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of it, provided that (i) the amount levied, enforced or sued on such proceeding, execution, attachment or other process equals or exceeds €500,000 (individually) or €1,000,000 (in the aggregate with any other amount levied, enforced or sued) and (ii) such proceeding, execution, attachment or other process are not discharged, withdrawn or stayed within 45 calendar days after the earlier of the Issuer (a) receiving notice thereof or (b) otherwise becoming aware of such circumstances; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person), provided that the individual or aggregate value of all assets subject to the enforcement exceeds €1,000,000; or

(f) **Insolvency:** the Issuer or any of its Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts when due, or is declared or a voluntary request has been submitted to a relevant court for the declaration of insolvency or bankruptcy (*concurso*), stops, suspends or threatens to stop or suspend regular payment of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of its debts generally, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or

(g) **Winding-up:** an order is made or an effective resolution passed for the winding-up (*liquidación*) or dissolution (*disolución*) of the Issuer or any of its Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Issuer or other of its Subsidiaries; or

(h) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds admissible in evidence in the courts of England or the Kingdom of Spain is not taken, fulfilled or done; or

(i) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds; or

(j) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in the foregoing paragraphs of this Condition 9,

then any Bond may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest (a "**Default Declaration**"), provided, however, that a Default Declaration shall become effective only when (a) the Issuer has received Default Declarations from holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding (the "**Relevant Threshold**") and (b) 15 days have passed from the date on which the Relevant Threshold was met, unless such Event of Default shall have been remedied or waived prior thereto (in which case each Default Declaration shall become null and void). Upon the Relevant Threshold being met the Issuer shall give notice thereof to the Bondholders in accordance with Condition 14 (Notices).

If the Issuer receives notice in writing from holders of at least 50 per cent. in aggregate principal amount of the Bonds then outstanding to the effect that each Default Declaration received should be deemed to be null and void, the Issuer shall give notice thereof to the Bondholders (with a copy to the Fiscal Agent), whereupon such Default Declarations shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Bondholder in relation thereto.

10 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 within a period of 10 years in the case of principal and (subject to Condition 7(c)) five years in the case of interest from the appropriate Relevant Date.

11 Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

12 Meetings of Bondholders and Modification

(a) **Meetings of Bondholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) **Modification of Fiscal Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

13 Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

14 Notices

Notices required to be given to Bondholders pursuant to the Conditions will be valid if published in a manner which complies with the rules and regulations of the stock exchange or other relevant authority on which the Bonds are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given by publication in a newspaper of general circulation in Frankfurt.

15 Currency Indemnity

Euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds and the Coupons, including damages. Any amount received or recovered in a currency other than euro (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Bondholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that euro amount is less than the euro amount expressed to be due to the recipient under any Bond or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Bondholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Bondholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Bond or Coupon or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law

(a) **Governing Law:** Save as described below, the Bonds, the Fiscal Agency Agreement and any non-contractual obligations arising out of or in connection with the Bonds are governed by English law. The status of the Bonds as described in Condition 2 is governed by Spanish law.

(b) **Arbitration:** Any dispute arising out of or in connection with the Bonds (including any dispute as to their existence, validity or termination or any non-contractual obligation arising out of or in connection with the Bonds or this Condition 17(b)) (a "**Dispute**") shall be resolved by arbitration with seat (or legal place) in London, England conducted in the English language by three arbitrators pursuant to the rules of the London Court of International Arbitration ("**LCIA**") save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA.

In any such arbitration, in the event of a declared public health emergency by either the World Health Organisation (the "**WHO**") or a national Government, as a consequence of which it is inadvisable or prohibited for the parties and/or their legal representatives to travel to, or attend any hearing ordered by the tribunal, the following shall apply:

(i) any such hearing shall be held via video or telephone conference upon the order of the tribunal;

(ii) the parties agree that no objection shall be taken to the decision, order or award of the tribunal following any such hearing on the basis that the hearing was held by video or telephone conference; and

(iii) in exceptional circumstances only the tribunal shall have the discretion to order that a hearing shall be held in person, but only after full and thorough consideration of the prevailing guidance of the WHO and any relevant travel or social distancing restrictions or guidelines affecting the parties and/or their legal representatives and the implementation of appropriate mitigation.

18 Definitions

In these Conditions, the following terms have the meanings given to them in this Condition 18.

"**Affiliate**" of any specified Person means (a) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person (which shall include the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise), or (b) any other Person who is a director or officer (i) of such specified Person, (ii) of any subsidiary of such specified Person or (iii) of any Person described in (a) above.

"**Agency**" means any agency, authority, central bank, department, committee, government, legislature, ministry, minister, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body.

"**Asset Sale**" means

(a) the sale, lease, conveyance or other disposition of any tangible or intangible assets or rights or revenues of the Issuer or a Subsidiary of the Issuer in one or more transactions or series of transactions (whether related or not);

(b) the issuance of Capital Stock in any Subsidiary of the Issuer or the sale of Capital Stock in any of its Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(a) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than 20 per cent. of the consolidated total assets of the Issuer (as calculated by reference to the most recent consolidated financial statements of the Issuer published pursuant to Condition 4(g));

(b) any sale or other disposition of Capital Stock in a Subsidiary not involved in carrying out the Core Business or any sale or other disposition of other assets that are no longer useful in the conduct of the Core Business of the Issuer or its Subsidiaries;

(c) a transfer of assets between or among the Issuer and its Subsidiaries;

(d) any sale, lease, conveyance or other disposition of any assets of the Issuer or any of its Subsidiaries or property pledged as collateral by or to the Issuer or any of its Subsidiaries in the ordinary course of the Issuer's or, as the case may be, the relevant Subsidiary's Core Business;

(e) an issuance or other disposition of Capital Stock by a Subsidiary of the Issuer to the Issuer or to a Subsidiary of the Issuer;

(f) the creation of a Lien;

(g) a payment or other disposition that does not violate Condition 4(a) and Condition 4(d);

(h) the sale or other disposition of assets received by the Issuer or any of its Subsidiaries in compromise or settlement of claims of the Issuer or any of its Subsidiaries; and

(i) the sale, transfer or other disposition of any revenues or assets (or any part thereof) the subject of any securitisation of receivables, asset-backed financing or similar financing structure originated by the Issuer or any of its Subsidiaries whereby all payment obligations are to be discharged primarily from such assets or revenues, provided that the value of such assets or revenues, asset-backed financing, or similar financing structures, when aggregated with the value of all assets or revenues subject to a Lien permitted under paragraph (h) of the definition of "Permitted Lien", does not, at any time, exceed 25 per cent. of the Issuer's consolidated total assets as calculated by reference to the most recent consolidated financial statements of the Issuer published pursuant to Condition 4(g).

"**Auditors**" means the auditors for the time being of the Group or, if they are unable or unwilling promptly to carry out any action requested of them under these Conditions, such other firm of accountants as may be selected by the Issuer for the purpose and notified in writing to the Bondholders.

"**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Madrid and which is a TARGET Settlement Day.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock.

"**Consolidated Net Profit**" means, for any period, the total comprehensive income of the Issuer and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS.

"**Core Business**" means the business of providing unsecured consumer loans over the Internet;

"**Deferred Capital Stock**" means a dividend or distribution declared by the Issuer and which a shareholder of the Issuer has irrevocably instructed the Issuer to retain and apply towards consideration for any future Capital Stock to be issued by the Issuer to such shareholder.

"**euro**" or "**€**" means the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Economic Community, as amended.

"**Event of Default"** means any of the events specified in Condition 9.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934.

"**Fair Market Value**" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the principal executive officer and/or principal financial officer and/or principal accounting officer of the Issuer whose determination shall be conclusive;

"**Group**" means the Issuer and its Subsidiaries taken as a whole.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

The term "guarantee" used as a verb has a corresponding meaning. The term "**guarantor**" shall mean any Person guaranteeing any obligation.

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under:

(a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and

(c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in foreign currency rates;

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(a) all indebtedness of such Person for borrowed money;

(b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) all Lease Obligations of such Person;

(d) all indebtedness of other Persons guaranteed or indemnified by such Person, to the extent such indebtedness is guaranteed or indemnified by such Person;

(e) to the extent not otherwise included in this definition, all Hedging Obligations of such Person;

(f) any amount raised by acceptance under any acceptance credit facility; and

(g) any amount raised under any other transaction having the economic or commercial effect of a borrowing,

and the amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation.

"**Lease Obligation**" means, at the time any determination is to be made, the amount of the liability under any lease or hire purchase contract that would at that time be required to be treated as a balance sheet liability in accordance with IFRS.

"**Lien"** means any mortgage, pledge, encumbrance, easement, restriction, covenant, right-of-way, servitude, lien, charge or other security interest or adverse claim of any kind (including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction and any conditional sale or other title retention agreement or lease in the nature thereof).

"**Material Adverse Effect"** means a material adverse effect on (a) the financial condition, assets, business, operations or prospects of the Issuer or the Group or (b) the Issuer's ability to perform its obligations under the Bonds or (c) the validity, legality or enforceability of the Bonds.

"Origination Transaction" means any financing pursuant to which the Issuer procures the provision of credit support for the origination of Origination Assets; provided that, as determined in good faith by a responsible financial or accounting officer of the Issuer, (i) the covenants, events of default (however described) and other provisions applicable to such financing shall be on market terms at the time such financing is entered into; and (ii) the interest rate applicable to such financing shall be a market interest rate at the time such financing is entered into.

"**Origination Assets**" means any consumer loans, royalty or revenue streams from such loans and any assets related thereto (the "**Applicable Assets**"), including all collateral securing such Applicable Assets, all contracts and all guarantees or other obligations in respect of such Applicable Assets and all proceeds collected on such Applicable Assets.

"**Permitted Holders**" means (i) Mr. Boris Batine, (ii) Mr. Alex Dunaev and/or any of their respective Wholly-Owned Subsidiaries.

"**Permitted Lien"** means:

(a) any Lien in existence on the Issue Date;

(b) any Liens granted by any Subsidiary of the Issuer in favour of the Issuer or any Subsidiary of the Issuer;

(c) any Liens imposed or required by statute or operation of law;

(d) any Liens securing Indebtedness of a Person existing at the time that such Person is merged into or consolidated with the Issuer or a Subsidiary of the Issuer or becomes a Subsidiary of the Issuer, provided that such Liens (i) were not created in contemplation of such merger or consolidation or event; and (ii) do not extend to any assets or property of the Issuer or any Subsidiary of the Issuer (other than those of the Person acquired and its Subsidiaries (if any));

(e) any Liens already existing on assets or property acquired or to be acquired by the Issuer or a Subsidiary of the Issuer, provided that such Liens were not created in contemplation of such acquisition and do not extend to any other assets or property (other than the proceeds of such acquired assets or property);

(f) any netting or set-off arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of its Core Business for the purpose of netting debit and credit balances;

(g) Liens arising pursuant to any order of attachment, distraint or similar legal process arising in connection with court proceedings or as security for costs and expenses in any such proceedings, so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings;

(h) any Lien upon, or with respect to, any present or future assets or revenues of the Issuer or any part thereof which is created pursuant to any securitisation of receivables, asset-backed financing or similar financing structure and whereby all payment obligations secured by such Lien or having the benefit of such Lien, are to be discharged solely from such assets or revenues, provided that the value of assets or revenues subject to such Lien when aggregated with the value of assets or revenues which are the subject of any securitisation of receivables, asset-backed financing or similar financing structure permitted pursuant to Condition 4(b), does not, at any such time, exceed 25% of the Issuer's consolidated total assets as calculated by reference to the most recent consolidated financial statements of the Issuer published pursuant to Condition 4(g);

(i) any Lien granted upon or with regard to any property hereafter acquired by the Issuer or any Subsidiary to secure the purchase price of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property and transactional expenses related to such acquisition (other than a Lien created in contemplation of such acquisition), provided that the maximum amount of Indebtedness thereafter secured by such Lien does not exceed the purchase price of such property (including transactional expenses) or the Indebtedness incurred solely for the purpose of financing the acquisition of such property;

(j) any Lien arising pursuant to any agreement (or other applicable terms and conditions) which is standard or customary in the relevant market (and not for the purpose of raising credit or funds for the operations of the Issuer or any Subsidiary of the Issuer), in connection with (x) contracts entered into substantially simultaneously for sales and purchases at market prices of securities or precious metals (y) the establishment of margin deposits and similar securities in connection with trading in securities or precious metals or (z) the Issuer's foreign exchange dealings or other proprietary trading activities including, without limitation in the case of (x), (y) and (z), Repos;

(k) any Lien in respect of Hedging Obligations entered into for non-speculative purposes;

(l) any Lien on property acquired (or deemed to be acquired) under a Lease Obligation, or claims arising from the use or damage to such property, provided that any such encumbrance secures only rentals and other amounts payable under such Lease Obligation;

(m) Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Lien permitted by any of the above exceptions, provided that the Indebtedness thereafter secured by such Lien does not exceed the amount of the original Indebtedness and such Lien is not extended to cover any property not previously subject to such Lien;

(n) Liens on Origination Assets (including, for the avoidance of doubt, bank accounts into which proceeds of Origination Assets are paid or payable into) granted or arising in connection with any Origination Transaction.

(o) Liens arising out of the assignment of Issuer's claims under loan agreements to participants of peer-to-peer lending platforms in connection with the sale of such loans in the ordinary course of business and in accordance with terms and conditions of such platforms; and

(p) any Liens not otherwise permitted by the preceding paragraphs (a) through (o), provided that the aggregate principal amount of the Indebtedness secured by such Liens does not at any time exceed 20 per cent. of the Issuer's consolidated total assets as calculated by reference to the most recent consolidated financial statements of the Issuer published pursuant to Condition 4(g).

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Potential Event of Default"** means any event which is, or after notice or passage of time or after making any determinations under this Conditions (or any combination of the foregoing) would be, an Event of Default.

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Repo**" means a securities repurchase or resale agreement or reverse repurchase or resale agreement, a securities borrowing agreement or any agreement relating to securities which is similar in effect to any of the foregoing and for purposes of this definition, the term "securities" means any Capital Stock, share, debenture or other debt or equity instrument, or derivative thereof, whether issued by any private or public company, any government or Agency or instrumentality thereof or any supranational, international or multilateral organisation.

"**Restricted Payment**" with respect to the Issuer or any of its Subsidiaries means:

(a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock, Deferred Capital Stock or in options, warrants or other rights to purchase such stock, (B) dividends or distributions payable solely to the Issuer or a Wholly-Owned Subsidiary of the Issuer and (C) pro rata dividends or other distributions made by a Subsidiary of the Issuer that is not a Wholly-Owned Subsidiary of the Issuer to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by a Subsidiary) or of any Capital Stock of a Subsidiary of the Issuer held by any Affiliate of the Issuer (other than by a member of the Group), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of Indebtedness of such Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Maturity Date);

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity or scheduled repayment of any Subordinated Obligations of the Issuer or any Subsidiary of the Issuer (except for the repayment of inter-company debt owed by any member of the Group to any other member of the Group from time to time);

(d) the making of loans to (A) employees, officers or directors of the Issuer or any Subsidiary of the Issuer or to (B) employees, officers or directors of direct or indirect holders of the Capital Stock of the Issuer,

provided, however, that the making of loans to employees, officers or directors of the Issuer in the ordinary course of business consistent with past practices, in aggregate amount not in excess of €1,000,000in any financial year of the Issuer, will not be deemed to be a "Restricted Payment".

"**Subordinated Obligations**" means, with respect to any Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter incurred) which is subordinate or junior in right of payment to the Bonds or Coupons;

"**Subsidiary**" means, in relation to any Person (the "**first person**"), at any particular time, any other Person (the "**second person**") (i) which the first person controls or has the power to control and (ii) which is (or is required under IFRS to be) consolidated in or with the financial statements of the first person.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"**Wholly - Owned Subsidiary**" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Fiscal Agency Agreement, the Temporary Global Bond and the Permanent Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this document. The following is a summary of certain of those provisions:

1 Nominal Amount and Exchange

The nominal amount of the Bonds shall be the aggregate amount from time to time entered in the relevant records of Euroclear and Clearstream, Luxembourg or any permitted alternative clearing system (the "**Alternative Clearing System**") (each a "**relevant Clearing System**"). The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of the Bonds represented by the Temporary Global Bond and the Permanent Global Bond and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time.

The Temporary Global Bond is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing Systems in the Permanent Global Bond on or after a date which is expected to be 4 November 2020, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Global Bond is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for Definitive Bonds described below (i) if the Global Bond is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of the Bonds is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date specified in the notice.

If principal in respect of the Bonds is not paid when due and payable the holder of the Global Bond may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in "*—Default*" below), require the exchange of a specified principal amount of the Global Bond (which may be equal to or (provided that, if the Global Bond is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of the Bonds represented thereby) for Definitive Bonds on or after the Exchange Date (as defined below) specified in such notice.

On or after any Exchange Date the holder of the Global Bond may surrender the Global Bond or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Global Bond, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Fiscal Agency Agreement. On exchange in full of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

"**Exchange Date**" means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

2 Payments

No payment will be made on the Temporary Global Bond unless exchange for an interest in the Global Bond is improperly withheld or refused. Payments of principal and interest in respect of the Bonds represented by the Global Bond will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Bonds will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. Condition 7(e)(iii) and Condition 8(d) of the Conditions will apply to Definitive Bonds only. For the purpose of any payments made in respect of the Global Bond, Condition 7(d) of the Conditions shall not apply, and all such payments shall be made on a day on which the TARGET System is open.

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, the Issuer has undertaken, inter alia, to pay interest in respect of such Bonds from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Bond

3 Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a relevant Clearing System, notices to relevant Bondholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions, except that, so long as the Bonds are listed and/or admitted to trading, notices required to be given to the Bondholders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are listed/and or admitted to trading.

4 Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Conditions).

5 Purchase and Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Bond.

6 Default

The Global Bond provides that the holder may cause the Global Bond or a portion of it to become due and payable in the circumstances described in Condition 9 of the Conditions by stating in the notice to the Fiscal Agent the principal amount of Bonds which is being declared due and payable. If principal in respect of the Bonds is not paid when due and payable, the holder of the Global Bond may elect that the Global Bond becomes void as to a specified portion and that the persons entitled to such portion, as accountholders with a clearing system, acquire direct enforcement rights against the Issuer under further provisions of the Global Bond executed by the Issuer as a deed poll.

7 Put Option

The Bondholders' put option in Condition 6(c) of the Conditions may be exercised by the holder of the Global Bond, giving notice to the Fiscal Agent of the principal amount of the Bonds in respect of which the option is exercised within the time limits specified in Condition 6(c) of the Conditions. The Issuer shall procure that any exercise of any option or any right under the Bonds, as the case may be, shall be entered in the records of the relevant Clearing Systems and upon any such entry being made, the nominal amount of the Bonds represented by the Global Bond shall be adjusted accordingly.

8 Electronic Consent and Written Resolution

While the Global Bond is held on behalf of a relevant Clearing System, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Bonds outstanding (an "**Electronic Consent**" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all relevant Bondholders and holders of Coupons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to the Global Bond and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement beneficially held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant Clearing System and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all relevant Bondholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Bonds is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

FINANCIAL STATEMENTS

1. BALANCE SHEETS AS AT 30 JUNE 2020, 31 DECEMBER 2019, 31 DECEMBER 2018 AND 1 JANUARY 2018

(Thousands of Euro)	30-Jun-2020	31-Dec-2019	31-Dec-2018(*)	01-Jan-2018(*)
ASSETS				
Cash and cash equivalents	4,110	4,574	1,246	1,330
Loans due from customers	19,177	23,315	11,380	5,252
Prepaid Expenses	222	38	33	4
Property and equipment	207	183	11	16
Intangible assets	144	82	78	0
Deferred tax assets	5,450	4,627	1,734	798
Other financial assets	4,601	199	316	75
Total Assets	**33,911**	**33,018**	**14,798**	**7,475**
LIABILITIES				
Loans and borrowings	22,219	23,380	12,745	7,122
Current tax liability	75	57	122	291
Provisions	239	110	33	0
Other financial liabilities	3,733	4,069	2,761	972
Total Liabilities	**26,266**	**27,616**	**15,661**	**8,385**
EQUITY				
Share capital	60	60	60	60
Other shareholders contributions	3,000	3,000	-	0
Other reserves	12	12	12	1
Retained earnings from previous years	2,330	-935	-1,008	-573
Profit/(Loss)	2,243	3,265	73	-398
Total Equity	**7,645**	**5,402**	**-863**	**-910**
Total Liabilities and Equity	**33,911**	**33,018**	**14,798**	**7,475**

(*) The balance sheets at 31 December 2018 and 1 January 2018 are presented solely and exclusively for comparison purposes.

The financial statements as at and for the years ended 31 December 2019 and 2018 have been audited by Ernst & Young, S.L. The interim financial statements for the six-month period ended 30 June 2020 have been reviewed by Ernst & Young, S.L.

2. INCOME STATEMENTS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2020 AND 2019, AND FOR THE YEAR ENDED 31 DECEMBER 2019 AND 31 DECEMBER 2018

(Thousands of Euro)	30-Jun-20	30-Jun-2019 (*)	2019	2018(*)
Interest and related Income	31,445	19,381	48,521	23,049
Net Impairment Losses	-20,060	-11,513	-30,223	-14,311
Net Interest and related Revenue	**11,385**	**7,868**	**18,297**	**8,738**
Marketing and issue Expenses	-5,522	-4,048	-9,036	-6,252
Administrative Expenses	-1,430	-971	-2,536	-1,202
Depreciation and Amortisation	-68	-16	-91	-9
Operating Income/(Loss)	**4,365**	**2,833**	**6,634**	**1,275**
Financial Interest Expense	-1,327	-897	-2,234	-1,130
Net foreign currency Loss	-18	-6	-38	-33
Other Gain/(Loss)	-1	-	-3	-
Profit/(Loss) before Income Tax	**3,019**	**1,930**	**4,359**	**112**
Income Tax Expense	-776	-487	-1,094	-37
Profit/(Loss) for the six-month period	**2,243**	**1,443**	**3,265**	**75**

(*) Presented solely and exclusively for comparison purposes.

The financial statements as at and for the years ended 31 December 2019 and 2018 have been audited by Ernst & Young, S.L. The interim financial statements for the six-month period ended 30 June 2020 have been reviewed by Ernst & Young, S.L.

3. KEY RATIOS

	30-Jun-20	30-Jun-2019	2019	2018
Asset Quality Metrics				
NPL Loans (>90 days in delay) / Gross Loans	36.5%	43.7%	38.6%	51.4%
Loan Loss Allowances / Impaired Loans	134.4%	120.9%	127.5%	118.9%
Growth Metrics				
Growth of Revenue (Y-o-Y)	62.2%	na	110.5%	135.0%
Earnings and Profitability Metrics				
Net profit margin	7.1%	7.4%	6.7%	0.3%
Net profit / av. Assets	13.4%	na	13.7%	0.7%
Net Income / Average Equity	68.8%	na	143.9%	neg.
Operating Expenses / Operating Revenues	23.4%	27.3%	25.3%	34.2%
Risk Adjusted NIM	94.7%	na	92.6%	91.5%
Capitalization and Leverage Metrics				
Debt / Equity (x)	2.9	4.3	neg.	neg.
Net debt / Equity (x)	2.4	3.5	neg.	neg.
Equity/ Total Assets	22.5%	16.4%	-5.8%	-12.2%
Interest coverage (based on EBIT)	3.3	3.2	3.0	1.1
Funding and Liquidity Metrics				
Short-Term Debt / Total Debt	41.0%	71.2%	40.9%	23.4%
Long-Term Debt / Total debt	59.0%	28.8%	59.1%	76.6%
Cash / Assets	12.1%	13.9%	8.4%	17.8%

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ID FINANCE SPAIN S.L. (Sociedad Unipersonal)

Interim Financial Statements
for the 6-month period ended
June 30, 2020

Building a better
working world

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Building a better working world

REPORT ON LIMITED REVIEW OF INTERIM FINANCIAL STATEMENTS

To Sole Shareholder of ID Finance Spain, S.L. (Sociedad Unipersonal):

Introduction

We have carried out a limited review of the accompanying interim financial statements of ID Finance Spain, S.L. (Sociedad Unipersonal) (the Company), which consists of the balance sheet as at June 30, 2020, the income statement, the statement of recognised income and expenses, the statement of changes in equity, the statement of cash flow and the explanatory notes thereto for the 6-month period then ended. The Company's Sole Director is responsible for the preparation of the Company's interim financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and for such internal control as he determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements do not express, in all material respects, a true and fair view of the financial position of ID Finance Spain, S.L. (Sociedad Unipersonal) at June 30, 2020, as well as its results and cash flow for the 6-month period then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

Este informe se corresponde con el sello distintivo nº 20/20/06913 emitido por el Col·legi de Censors Jurats de Comptes de Catalunya

ERNST & YOUNG, S.L.

Roberto Diez Cerrato

July 31, 2020

ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)

Interim Financial Statements
for the six-month period ended 30 June 2020

ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)
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ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)
BALANCE SHEETS AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

(Thousands of Euro)	Note	31-Jun-2020	31-Dec-2019 (*)
ASSETS			
Cash and cash equivalents	7	4,110	4,574
Loans due from customers	8	19,177	23,315
Prepaid Expenses		222	38
Property and equipment	9	207	183
Intangible assets	10	144	82
Deferred tax assets	13	5,450	4,627
Other financial assets	12	4,601	199
Total Assets		**33,911**	**33,018**
LIABILITIES			
Loans and borrowings	11	22,219	23,380
Current tax liability		75	57
Provisions	15	239	110
Other financial liabilities	12	3,733	4,069
Total Liabilities		**26,266**	**27,616**
EQUITY			
Share capital	14	60	60
Other shareholders contributions	14	3,000	3,000
Other reserves	14	12	12
Retained earnings from previous years		2,330	(935)
Profit/(Loss)		2,243	3,265
Total Equity		**7,645**	**5,402**
Total Liabilities and Equity		**33,911**	**33,018**

The accompanying Notes 1 to 20 are an integral part of the balance sheet at 30 June 2020.

(*) Presented solely and exclusively for comparison purposes (see Note 2c).

ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)
INCOME STATEMENTS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2020 AND 2019

(Thousands of Euro)	Note	30-Jun-2020	30-Jun-2019 (*)
Interest and related Income	4	31,445	19,381
Net Impairment Losses	8	(20,060)	(11,513)
Net Interest and related Revenue		**11,385**	**7,868**
Marketing and issue Expenses	5	(5,522)	(4,048)
Administrative Expenses	6	(1,430)	(971)
Depreciation and Amortisation	9,10	(68)	(16)
Operating Income/(Loss)		**4,365**	**2,833**
Financial Interest Expense		(1,327)	(897)
Net foreign currency Loss		(18)	(6)
Other Gain/(Loss)		(1)	-
Profit/(Loss) before Income Tax		**3,019**	**1,930**
Income Tax Expense	13	(776)	(487)
Profit/(Loss) for the six-month period		**2,243**	**1,443**

The accompanying Notes 1 to 20 are an integral part of the income statement for the six-month period ended 30 June 2020.

(*) Presented solely and exclusively for comparison purposes (see Note 2c).

ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)
STATEMENTS OF RECOGNISED INCOME AND EXPENSES FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2020 AND 2019

(Thousands of Euro)	**30-Jun-2020**	**30-Jun-2019 (*)**
Profit/(loss) for the six-month period	2,243	1,443
Other comprehensive income, net of income tax		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)	-	-
Total other comprehensive income for the six-month period, net of income tax	2,243	1,443
Total comprehensive income/(loss) for the six-month period	**2,243**	**1,443**

The accompanying Notes 1 to 20 are an integral part of the statement of recognised income and expenses for the six-month period ended 30 June 2020.

(*) Presented solely and exclusively for comparison purposes (see Note 2c).

ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)
STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2020 AND 2019

(Thousands of Euro)	Share capital	Other Shareholders contributions	Retained earnings	Profit/(Loss) for the year	Other Reserves	Total equity
Balance as at 1 January 2020	**60**	**3,000**	**(935)**	**3,265**	**12**	**5,402**
Total comprehensive income						**-**
Profit for the six-month period	-	-	-	2,243	-	**2,243**
Oher changes in equity	-	-	-	-	-	**-**
Total comprehensive income for the six-month period	**-**	**-**	**-**	**2,243**	**-**	**2,243**
Other (distribution of the profit of the prior year)	-	-	3,265	(3,265)	-	**-**
Total contributions and distributions	-	-	**3,265**	**(3,265)**	**-**	-
Balance as at 30 June 2020	**60**	**3,000**	**2,330**	**2,243**	**12**	**7,645**

The accompanying Notes 1 to 20 are an integral part of the statement of changes in equity for the six-month periods ended 30 June 2020.

ID FINANCE

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)
STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2020 AND 2019

(Thousands of Euro)	Share capital	Other Shareholders contributions	Retained earnings	Profit/(Loss) for the year	Other Reserves	Total equity
Balance as at 1 January 2019	**60**	**-**	**(1,008)**	**73**	**12**	**(863)**
Total comprehensive income						-
Profit for the six-month period	-	-	-	1,443	-	**1,443**
Oher changes in equity	-	-	-	-	-	-
Total comprehensive income for the six-month period	**-**	**-**	**-**	**1,443**	**-**	**1,443**
Other (Note 11)	-	3,000	73	(73)	-	**3,000**
Total contributions and distributions	-	**3,000**	**73**	**(73)**	**-**	**3,000**
Balance as at 30 June 2019	**60**	**3,000**	**(935)**	**1,443**	**12**	**3,580**

(*) Presented solely and exclusively for comparison purposes (see Note 2c).

ID FINANCE

ID FINANCE INVESTMENTS S.L. (Sociedad Unipersonal)
STATEMENTs OF CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2020 AND 2019

(Thousands of Euro)	Note	30.Jun.20	30-Jun-2019 (*)
Cash flows from operating activities			
Profit/(loss) before income tax		3,019	1,930
Adjustment for:			
Provision for impairment losses on loans	8	20,060	11,513
Interest income from non-customers loan		-	-
Interest expense on loans and borrowings		-	-
Other gains/losses		-	-
Depreciation and amortization	9,10	68	16
Foreign exchange loss		18	6
Increase in loans due from customers		(15,922)	(17,867)
Increase/Decrease in financial instruments designated at fair value through income or loss		-	-
Increase/Decrease in other assets		(5,500)	87
Increase/Decrease in other liabilities		(336)	736
Income tax paid		(555)	(1,346)
Net cash-flows used in operating activities		**852**	**(4,925)**
Cash flows from investing activities			
Payments			
Purchases of intangible assets	10	(84)	(32)
Purchases of property and equipment	9	(71)	(235)
Loans to related parties		-	-
Collections			
Interest collections		-	-
Loans to related parties		-	-
Net cash flows used in investing activities		**(155)**	**(267)**
Cash flows from financing activities			
Payments			
Interest payments		-	-
Collections			
Increase/Decrease in loans and borrowings	11	(1,161)	6,186
Net proceeds from issuance of common stock		-	-
Other shareholders contribution	14	-	-
Net cash flows from financing activities		**(1,161)**	**6,186**
Net increase in cash and cash equivalents		**(464)**	**994**
Cash and cash equivalents at the beginning of the period	7	**4,574**	**1,246**
Effect of exchange rate fluctuations on cash		-	-
Cash and cash equivalents at the end of the period	7	**4,110**	**2,240**

The accompanying Notes 1 to 22 are an integral part of the statement of cash flows for the six-month periods ended 30 June 2020.

(*) Presented solely and exclusively for comparison purposes (see Note 2c).

1. GENERAL INFORMATION

ID Finance Spain, S.L. (Sociedad Unipersonal) (hereinafter referred to as the "Company" or "ID Finance") is a sole shareholder limited company and was established on February 26, 2015 as a limited company. Its registered office is on Carrer Moià No. 1, 1st floor (08006) Barcelona, Spain. The Company CIF number is B66487190. Its registered office was included in the commercial register in Barcelona on March 23, 2015 in volume 44.735, folio 28, and sheet B 464824, inscription 1.

The main purpose of the Company is to exercise and exploit the following activities:

- Granting of non-mortgage loans or credits to any person, excluding in any case, the activities reserved to credit institutions in accordance with the applicable regulations.
- Advertising, consultancy and providing services in relation to the Internet, as well as placing ads on any other traditional or new media.
- Provision of online digital comparison services for financial products and instruments.

The Company is a leading digital finance provider in Spain.

The Company belongs to a Group of companies under the terms of Article 42 of the Commercial Code, the parent of which is ID Finance Investments, S.L. with registered office at Carrer Moià 1, 1ª planta, 08006 Barcelona. As of 30 June 2020 and 31 December 2019, the scope of the Group encompassed 7 subsidiaries. These companies engage in a range of activities, including among others, credit scoring and digital consumer finance provider.

ID Finance is a data-driven financing platform that is pioneering fintech innovation in emerging markets with a range of convenient, competitive and transparent finance services available over the internet. The Company uses machine learning and advanced data science techniques to improve access to competitive financial services.

In 2019, the Parent Company closed a 5,4 million euros equity crowdfunding round and became a member of the EURONEXT TechShare Program

The 2019 separate financial statements of the Company were approved by the Sole Shareholder on June 26th , 2020 whilst the consolidated financial statements of the Group were approved by the General Shareholders' meeting on July 21st, 2020.

In March 2020, ID Finance ranked as the fastest growing fintech in Spain for 2019 by Financial Times for third consecutive year (2017- 2019).

The Company's functional and presentation currency is the euro.

2. BASIS OF PRESENTATION AND ACCOUNTING STANDARDS

(a) Basis of presentation of the interim financial statements

These interim financial statements have been prepared in accordance with the International Financial Reporting Standards published by the International Accounting Standards Board (IASB) as adopted by the European Union (IFRS-EU) and further interpretations, so that they give a true and fair view, in all material respects, of the equity and financial position of the Company as of 30 June 2020, and the results of its operations and cash flows for the six-month period then ended, in conformity with the aforementioned applicable regulatory framework for financial information and, specifically, the accounting principles and criteria contained therein.

These interim financial statements have been prepared from the accounting records kept by the Company. However, given that the accounting principles and measurement criteria applied in the preparation of the interim financial statements may differ if using local accounting local requirements, the necessary adjustments and reclassifications have been made during the preparation of the financial statements to adapt them to the IFRS-EU principles.

The accounting policies used in the preparation of these interim financial statements meet every prevailing standard at the date they were authorised for issue. The IFRS-EU allow the use of accounting policy choice in some cases. The choices applied by the Company are described in the accounting policies detailed in these notes. There is no accounting principle or measurement basis which, being significant to these interim financial statements, has not been applied.

The functional currency of the Company is Euro. All values are rounded to the nearest thousand (€'000), except when otherwise indicated.

(b) Basis of measurement

The main accounting policies and measurement basis applied in preparing these interim financial statements are summarised in Note 3.

(c) Comparative information

The information included in the accompanying interim financial statements and the explanatory notes referring to 31 December 2019 and 30 June 2019 are presented solely and exclusively for the purpose of comparison with the information as of 30 June 2020.

(d) Mandatory new standards, amendments and interpretations for annual periods beginning 1 January 2020

Following is a list of the main mandatory standards, amendments or interpretations by the International Accounting Standards Board ("IASB") and endorsed by the European Union with mandatory application for annual periods beginning after 1 January 2020.

Amendments to IFRS 3 "Business Combinations"

The IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

These amendments had no effect in the preparation of these interim financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reforms

In September 2019, the IASB issued amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures", which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate.

These amendments had no effect in the preparation of these interim financial statements.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

In October 2018, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

These amendments had no effect in the preparation of these interim financial statements.

Amendments to the Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

These amendments had no effect in the preparation of these interim financial statements.

(e) New mandatory standards, amendments and interpretations applicable in the years subsequent to the calendar year beginning 1 January 2020 pending approval by the European Union.

IFRS 17: "Insurance contracts"

Effective for annual periods beginning on or after 1 January 2023, with early adoption permitted.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The purpose is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 replaces IFRS 4 "Insurance Contracts".

Given the nature of the transactions of the Company, management estimates that these amendments will have no effect in the preparation of these interim financial statements.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

Effective for annual periods beginning on or after 1 January 2022.

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by a right to defer settlement

• That a right to defer must exist at the end of the reporting period

• That classification is unaffected by the likelihood that an entity will exercise its deferral right

• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Since assets and liabilities are presented in the statement of financial position based on their liquidity, management estimates that these amendments will have no effect in the preparation of these interim financial statements

(f) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS-EU requires from management the exercise of judgement to make estimates and assumptions that influence the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Allowances for credit losses on loans and receivables

Total allowances for impairment on loans and advances are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolios of defaulted loans which are defined as past due 90 days or more. In assessing the need for collective loss allowances, management considers factors such as probability of default ("PD"), loss given default ("LGD"), portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. To assess collective impairment allowances, the loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for the loan portfolio include:

- Management assumes that the Company collects cash from defaulted loans up to 24 months after default.
- Management calculates probability of default ratios using historic transition matrices which analyses loan portfolio movements between the delinquency buckets over one-month periods. This analysis is undertaken on a bucket's basis, in which the average probability of default ratios of the last 365 days is recalculated. Management writes off trade receivables and loans due from customers, when they are past due more than 810 days, or earlier if deemed to be uncollectable.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generation unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. There are no indicators of impairment of non-financial assets at 30 June 2020 and 31 December 2019. The most significant non-financial assets subject to potential impairment testing are owned property and equipment and intangible assets, which mainly represent internal software development costs capitalised.

Deferred tax assets and uncertain tax positions

Income tax expense comprises current and deferred tax. Current tax is tax payable on taxable income for the year, using tax rates at reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax assets for unused tax losses are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

(g) Significant events of the period

During the first six months of 2020, the Covid-19 pandemic has led countries around the world, and among others Spain, to take precautionary measures that have affected the economic development. Despite this, during the first semester of 2020, the issuance of new credit shows a continuous double-digit growth compared to the first semester of 2019 and the Company has experienced no significant increase in unpaid instalments exclusively attributed to the new economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements, unless otherwise stated.

(a) Income and expense recognition

Interest income (including commission, extension fee and penalty) from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income or expense is recognised using the effective interest method.

If the Company revises its estimates of payments or receipts, it adjusts the carrying amount of the loan to reflect actual and revised estimated cash flows. The Company then recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate, and the adjustment to the carrying amount is recognised in income. When it receives loan extension fees, which represent prepaid interest for the requested period of extension, such amounts represent the increase in the carrying value of the loan and are recognised in income upon receipt.

Other fees, commissions, penalties and other income and expense items are recognised in profit or loss when the corresponding service is provided.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured in thousands of euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are premeasured into the functional currency at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

As at the reporting date, the assets and liabilities of the Company with functional currencies other than the presentation currency are translated into the presentation currency of the Company (EUR) at the rate as at the reporting date, the assets and liabilities of the Company with functional currencies other than the presentation currency are translated into the presentation currency of the Company (EUR) at the rate of exchange ruling at the reporting date and their operations are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

(c) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax and is recorded in the profit or loss.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

(d) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Financial instruments

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company:

- intends to sell immediately or in the near term;
- upon initial recognition designates as at fair value through profit or loss;
- upon initial recognition designates as available-for-sale or, may not recover substantially all of its initial investment, other than because of credit deterioration.

Management determines the appropriate classification of financial instruments at the time of the initial recognition.

The Company classifies non-derivative financial assets into loans and receivables category, which consists of loans due from customers, cash and cash equivalents and other assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities' category. Other financial liabilities comprise of loans from related party and other liabilities.

(ii) Recognition

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, loans and receivables and other financial liabilities are measured at amortised cost using the effective interest method.

(iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(v) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in these circumstances.

The key financial instruments of the Company are cash, trade receivables, loans due from customers, loans to related parties, trade payables, loans payable and other creditors arising from the business activities.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

In addition, for financial reporting purposes, the Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(vi) Gains and losses on subsequent measurement

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortization process.

(vii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire~~,~~ or when it transfers substantially all the risks and rewards of ownership of the financial asset. Any rights created or retained by the Company is recognised as a separate asset or liability in the statement of financial position. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

(viii) Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(f) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(g) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. When objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment, the Company uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impractical.

(h) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to EUR euros at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to EUR euros at rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised as a separate component of equity.

(i) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of loans and other receivables. The Company reviews its loans and receivables to assess impairment on a regular basis.

The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases, the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data related to similar borrowers. In such cases, the Company uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. The Company writes off a loan balance (and any related allowances for loan losses) when management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

(j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(k) Non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of goodwill is estimated at each reporting date. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Property and equipment

(i) Owned assets

Items of property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Where an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged in profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Long-term leasehold improvements	5 years
Other property and equipment	5 years

At each year end, the Company reviews the residual value, useful life and depreciation method of property, plant and equipment items. Any changes in the initial criteria are accounted for as a change to estimates.

(iii) Depreciation

The Company evaluates and determines impairment losses on property, plant and equipment and any reversals thereof in accordance with the criteria described in Note 3 p).

(n) Intangible assets

The Company has a detailed Intangible Assets Capitalisation Policy covering accounting for development projects. The Company incurs costs for development of computer software and similar items, which may be capitalised. Capitalised expenditure can be either external (for example, IT subcontractors) or generated internally within the entity (for example, IT employees developing IT software). Only assets are capitalised that are separately identifiable, for which the entity has control, and for which probable future economic benefits shall be recognised. No intangible asset costs arising from the research phase of a project are capitalised. Expenditure on research is expensed when incurred. Amortisation commences once the item is in the location and conditions necessary for it to be capable of operating in the manner intended by management and has been accepted by the business owner. Intangible assets, other than goodwill, are stated at cost less accumulated amortization and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortization is charged in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

Licenses, trademarks and similar rights	5 years
Software and other intangible assets	3 years

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, production or creation of the qualifying assets are recognised in profit or loss using the effective interest method.

Borrowing costs are capitalised related to the creation, production of the new qualifying assets. Borrowing costs attributable to the creation of qualifying assets are capitalised as a portion of the qualifying asset's cost. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. For the Company, the capitalisation of borrowing costs is relating to intangibles is mainly relevant for capitalised expenditure for the development of new data IT systems.

(p) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but tested annually for impairment. Assets that are amortised or depreciated are tested for impairment whenever events or changed circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of an asset Exceeds its recoverable amount, which is the greater of the net selling price and value in use. In respect of items of property, plant and equipment and intangible assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(q) Share capital, Share Premium and other Shareholders contributions.

Share capital is classified as equity.

Share Premium - the difference between the par value of a company's shares and the total amount a company received for shares recently issued. The share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Spain Companies Law on reduction of share capital.

Other shareholders contributions - Assets, liabilities and equity items received from equity holders or owners in their capacity as such and for transactions not recorded in other accounts, provided that these items do not constitute compensation for goods delivered or services rendered by the company and that they do not have the nature of a liability.

(r) Dividends

The ability of the Company to declare and pay dividends is subject to the rules and regulations of Spain legislation.

Dividends in relation to share capital are reflected as an appropriation of retained earnings in the period when they are declared.

(s) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(t) Transactions with related parties

Transactions with related parties are accounted in accordance with the valuation rules detailed above, except for the following transactions:

•The non-monetary contributions of a business to a company are generally measured at the book value of the equity items delivered in the financial statements at the date the transaction is carried out.

•In the merger and split operations of a business, the acquired elements are generally valued at the amount corresponding to them, once the transaction has been completed, in the financial statements. Differences that arise are registered in reserves.

4. INTEREST AND RELATED INCOME

'000	30-Jun-20	30-Jun-19
Interest on loans due from Customers	15,363	8,200
Penalties	11,171	7,477
Extension fees	4,813	3,690
Other revenues	98	14
Total	**31,445**	**19,381**

5. MARKETING, LOAN ISSUE AND SERVICING EXPENSE

'000	30-Jun-20	30-Jun-19
Marketing Expenses	3,115	2,076
Product and Payment Processing	1,076	780
Collection Expenses	749	716
Client Identification and Scoring	429	325
Other	153	151
Total	**5,522**	**4,048**

6. ADMINISTRATIVE EXPENSES

’000	30-Jun-20	30-Jun-19
Remuneration to Employees and payroll taxes	300	269
Professional Services Fees	197	93
Hosting and IT maintenance	2	6
Audit Fees	40	21
Holding charges	845	541
Other	46	41
Total	**1,430**	**971**

The Parent Company charged to the Company IT and Risk development maintenance and support costs and other centralised expenses for an amount of EUR 829 thousand as per 30 June 2020 (EUR 540 thousand as per 30 June 2019), which are charged based on their usage.
In addition, the table below shows the number of employees by gender and category as of 30 June 2020 and 31 December 2019, as well as the average number of employees in:

	2020			2019		
Category	Male	Female	Average in the period	Male	Female	Average in the period
Senior Management	1	-	1	-	1	1
Middle Management	10	4	12	9	2	8
Other	50	44	63	55	46	54
Total	**61**	**48**	**76**	**64**	**49**	**63**

As of 30 June 2020 and 31 December 2019, the Company does not have any employee with disabilities within its workforce.

7. CASH AND CASH EQUIVALENTS

’000	30-Jun-20	31-Dec-19
Cash in bank	4,110	4,574
Total cash and cash equivalents	**4,110**	**4,574**

All the cash balances included in this caption have no restrictions for use and have not generated any interest income.

8. LOANS DUE FROM CUSTOMERS

’000	30-Jun-20	31-Dec-19
Gross loans due from customers	37,644	49,386
Impairment allowance	(18,467)	(26,071)
Net loans due from customers	**19,177**	**23,315**

Movements in the loan impairment allowance by classes of loans due from customers for the respective periods are as follows:

’000	30-Jun-20	30-Jun-19
Balance at the beginning of the year	(26,071)	(10,998)
Charge for the period	(20,060)	(11,513)
Amounts written off and utilised	27,664	1,665
Balance at the end of the period	**(18,467)**	**(20,846)**

During the first six months of 2020, the Company has sold a credit portfolio of a total gross amount of EUR 28,097 thousand with no financial impact on the Company’s net equity. As a result of the sale, the Company has transferred all risks and benefits and has, therefore, derecognised the assets from the balance sheet as at 30 June 2020.

As at 30 June 2020 and 31 December 2019 the ageing analysis of loans due from customers is, as follows:

30-Jun-20 ’000	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not delayed (Stage 1)	14,134	570	13,564	4%
1-90 days past due (Stage 2)	9,765	6,067	3,698	62%
> 91 days past due (Stage 3)	13,745	11,830	1,915	86%
Total overdue or impaired loans	**23,510**	**17,897**	**5,613**	**76%**
Total loans to customers	**37,644**	**18,467**	**19,177**	**49%**

31-Dec-19 ’000	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not delayed (Stage 1)	16,239	717	15,522	4%
1-90 days past due (Stage 2)	11,583	7,299	4,284	63%
> 91 days past due (Stage 3)	21,564	18,055	3,509	84%
Total overdue or impaired loans	**33,147**	**25,354**	**7,793**	**76%**
Total loans to customers	**49,386**	**26,071**	**23,315**	**53%**

The fair value of loans due from customers is closely related to its book value net of impairment and is classified as level 2.

9. PROPERTY AND EQUIPMENT

’000	Equipment	Fixtures and fittings	Leases	Total
Cost				
Balance at 1 January 2020	27	6	227	260
Additions/disposals	27	44	-	71
Balance at 30 June 2020	**54**	**50**	**227**	**331**
Accumulated depreciation				
Balance at 1 January 2020	15	4	58	77
Depreciation and amortisation for the period	5	12	30	46
Balance at 30 June 2020	**20**	**16**	**88**	**123**
Carrying amount				
At 1 January 2019	**12**	**2**	**169**	**183**
At 30 June 2020	**34**	**34**	**139**	**207**

’000	Equipment	Fixtures and fittings	Leases	Total
Cost				
Balance at 1 January 2019	19	6	-	25
Additions/disposals	8	-	227	235
Balance at 31 December 2019	**27**	**6**	**227**	**260**
Accumulated depreciation				
Balance at 1 January 2019	11	3	-	14
Depreciation and amortisation for the period	4	1	58	63
Balance at 31 December 2019	**15**	**4**	**58**	**77**
Carrying amount				
At 1 January 2019	**8**	**3**	**-**	**11**
At 31 December 2019	**12**	**2**	**169**	**183**

The fair value of total tangible assets at 30 June 2020 and 31 December 2019 does not differ significantly from that recognised under “Property and equipment” in the accompanying balance sheet. As per 1 January 2019, the Company recognised EUR 227 thousand related to the right of use of the premises it rents, after the adoption of IFRS 16. The changes in the related lease liability through the first six month of 2020 and 2019 are as follows:

‘000	
First-time adoption of IFRS 16 (as per 1 January 2019)	227
Interest accrual in 2019	22
Rent payments in 2019	(71)
Lease liability as per 31 December 2019 (see note 12)	**178**
Interest accrual in the first semester of 2020	8
Rent payments in the first semester of 2020	(36)
Lease liability as per 30 June 2020 (see note 12)	**150**

10. INTANGIBLE ASSETS

’000	Software
Cost	
Balance at 1 January 2020	114
Additions/disposals	84
Balance at 30 June 2020	**197**
Accumulated depreciation	
Balance at 1 January 2020	32
Depreciation and amortisation for the period	22
Balance at 30 June 2020	**53**
Carrying amount	
At 1 January 2020	**82**
At 30 June 2020	**144**

’000	Software
Cost	
Balance at 1 January 2019	82
Additions/disposals	32
Balance at 31 December 2019	**114**
Accumulated depreciation	
Balance at 1 January 2019	4
Depreciation and amortisation for the period	28
Balance at 31 December 2019	**32**
Carrying amount	
At 1 January 2019	**78**
At 31 December 2019	**82**

11. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Company interest-bearing loans and borrowings, which are measured at amortised cost.

’000	30-Jun-20	31-Dec-19
Loans from private investors	13,805	18,451
Loans from related parties	8,414	4,929
Loans and borrowings	**22,219**	**23,380**
Maturing within one year	9,117	16,643
Maturing after one year	13,102	6,737
Loans and borrowings	**22,219**	**23,380**

Detailed breakdowns of loans and borrowing maturities are presented in Note 16.

The fair value of total Loans and Borrowings at 30 June 2020 and 31 December 2019 does not differ significantly from that recognised under “Loans and Borrowings” in the accompanying balance sheet and is classified as level 2.

12. OTHER FINANCIAL ASSETS AND LIABILITIES

’000	30-Jun-20	31-Dec-19
Receivables related parties	4,430	50
Other financial assets	171	149
Total other financial assets	**4,601**	**199**

’000	30-Jun-20	31-Dec-19
Payables on services	490	598
Employee Payables	39	46
Payables to Related Parties	2,360	2,879
Other Payables	844	546
Total other financial liabilities	**3,733**	**4,069**

The Caption “Other payables” includes lease liabilities for a total amount of EUR 150 thousand as of 30 June 2020 (EUR 178 thousand as of 31 December 2019) (see note 9).

13. INCOME TAX

The Company files a consolidated income tax return with the tax group of which ID Finance Investments, S.L. is the parent.

(a) Income tax expense

’000	30-Jun-20	30-Jun-19
Current income taxes	1,760	1,616
Deferred taxes	(984)	(1,129)
Total income tax expense	**776**	**487**

The tax rate in Spain is 25%.

(b) Reconciliation of taxation based of taxable profit and taxation based on accounting profit:

’000	30-Jun-20	30-Jun-19
Profit/(loss) before tax	**3,019**	**1,930**
Income tax at the prevailing tax rate	755	483
Non-deductible costs (non-taxable income)	21	4
Change in unrecognised deferred tax assets		
Impact from tax rate from other jurisdictions		
Total income tax gain	**776**	**487**

(c) Deferred tax assets

’000 2020	Balance 1 January 2020	Recognised in profit or loss	Balance 30 June 2020
Loans to customers	3,496	907	4,403
Loss carry- forward	970	77	1,047
Total Deferred tax assets	**4,627**	**984**	**5,450**

’000 2019	Balance 1 January 2019	Recognised in profit or loss	Balance 31 December 2019
Loans to customers	1,039	2,457	3,496
Loss carry- forward	695	275	970
Total Deferred tax assets	**1,734**	**2,893**	**4,627**

The Company expects to recover the Deferred tax assets of the balance sheet by using them in the income tax calculation within the next 5 years.

14. SHARE CAPITAL AND RESERVES

(a) Issued capital

On 1 April 2015, the Company’s share capital consisted of 3,006 shares with a value of 1 euro each. The shares were fully subscribed and paid.

As at 13 December 2017, the Company approved a capital increase through the issuance of 56,994 shares with a value of 1 euro each. As a result of this increase, the share capital was increased to 60,000 shares.

As at 30 June 2020 and 31 December 2019, share capital consists in 60,000 shares of 1 euro of nominal value each, fully subscribed and disbursed by the Company's sole shareholder.

(b) Other shareholders' contributions

As at 19 December 2019, the Company's Sole Shareholder approved a cash contribution into the equity of EUR 3,000 thousand.

(c) Reserves and retained earnings

Legal Reserve

According to the Spanish Law on Capital Companies, the legal reserve, as long as it does not exceed the limit of 20% of the share capital, is not distributable to shareholders and may only be allocated, in the case of no other reserves available, to the compensation of negative retained earnings. This reserve may also be used to increase share capital in the amount exceeding 10% of the capital already increased. The legal reserve amounts to EUR 12 thousand as at 30 June 2020 and EUR 12 thousand as at 31 December 2019.

(d) Dividends

Dividends payable are restricted to the maximum retained earnings of the Company, which are determined according to Spain legislation.

15. PROVISIONS AND CONTINGENCIES

At 30 June 2020 and 31 December 2019, the Company has several legal proceedings underway as a result of several lawsuits derived from its ordinary activity. Based on all available documentation, the Company has recorded a provision amounting to EUR 239 thousand as of 30 June 2020 (EUR 110 thousand as of 31 December 2019) to meet these contingencies.

16. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and operating activities:

a) Credit risk

b) Liquidity risk

c) Market risk

c1) Interest rate risk
c2) Currency risk

d) Operational risk

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company loans from customers. Credit risk is mitigated as follows:

- Lending procedures are set up to ensure quality of the loan portfolio. Such procedures are constantly improved and include judicial and behavioural indicators, statistical data mining and scoring models, and use of credit bureau data.
- Penalties and term extensions are used to mitigate risks associated with unpaid debts. These options are available to borrowers in cases where there is a difficulty or unwillingness to repay the debts. Penalties and extensions generate extra cash flows to the portfolio.
- Loan loss allowances are an adequate way to mitigate risk of losses to be incurred during loan repayment transactions.

Maximum exposure of credit risk

The Company maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets. For financial assets in the statement of financial position, the maximum exposure is equal to the carrying amount of those assets:

'000	**30-June-20**	**31-Dec-19**
Cash and cash equivalents	4,110	4,574
Loans due from customers	19,177	23,315
Prepaid expenses and other financial assets	4,823	237
Total financial assets	**28,110**	**28,126**

(b) Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet borrowed funds withdrawals and other financial commitments associated with financial instruments as they actually fall due. The Head of Treasury controls these types of risks by means of maturity analysis, determining the Company strategy for the next financial period. Current liquidity is managed by the Head of Treasury as well, which deals with the markets for current liquidity support and cash flow optimization. The tables below set out the remaining contractual maturities of the Company financial liabilities and financial assets. In order to manage liquidity risk, as part of the assets/liability's management process, the Company's Head of Treasury performs daily monitoring of future expected cash flows from customers.

An analysis of the liquidity risk is presented in the following table.

30-Jun-20 '000	**up to 1 month**	**1 - 4 months**	**4 months - 1 year**	**1 - 2 years**	**Total**
Financial assets					
Cash and cash equivalents	4,110	-	-	-	4,110
Loans to customers	-	15,162	-	4,015	19,177
Loans to related parties	-	-	-	-	-
Other financial assets	4,823	-	-	-	4,823
Total financial assets	**8,933**	**15,162**	**-**	**4,015**	**28,110**
Financial liabilities	-				
Loans and borrowings	**-**	9,117	-	13,102	22,219
Other financial liabilities	3,733	-	-	-	3,733
Total financial liabilities	**3,733**	**9,117**	**-**	**13,102**	**25,952**
Net liquidity position	**5,200**	**6,045**	**-**	**(9,087)**	**2,158**

31-Dec-19 '000	up to 1 month	1 - 4 months	4 months - 1 year	1-2 years	Total
Financial assets					
Cash and cash equivalents	4,574	-	-	-	4,574
Loans to customers		19,331	-	3,984	23,315
Loans to related parties	-	-	-	-	-
Other financial assets	237	-	-	-	237
Total financial assets	**4,818**	**19,331**	**-**	**3,984**	**28,126**
Financial liabilities					
Loans and borrowings	-	14,480	2,163	6,737	23,380
Other financial liabilities	4,069	-	-	-	4,069
Total financial liabilities	**4,069**	**14,480**	**2,163**	**6,737**	**27,448**
Net liquidity position	**742**	**4,851**	**(2,163)**	**(2,753)**	**677**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company´s Head of Treasury conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in interest rates and its influence on the Company's profitability.

c1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Head of Treasury manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

c2) Currency risk

Currency risk is the risk of losses or other adverse effects resulting from a change in a foreign exchange rate, or from other unfavourable changes in relation to a foreign currency. The Company has assets and liabilities denominated in several foreign currencies and hence is exposed to Currency Risk.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides a natural hedge without a need to enter into derivatives contracts.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company strategy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates when necessary to address short- and longer-term imbalances.

The Company's exposure to foreign currency exchange rate risk is presented in the table below:

'000	EUR denominated	MXN denominated	Total
30-Jun-20			
Financial assets			
Cash and cash equivalents	4,098	12	4,110
Loans to customers	19,177	-	19,177
Other financial assets	4,823	-	4,823
Total financial assets	**28,098**	**12**	**28,110**
Financial liabilities			
Loans and borrowings	22,219	-	22,219
Other financial liabilities	3,718	15	3,733
Total financial liabilities	**25,937**	**15**	**25,952**
Net liquidity position	**2,161**	**(3)**	**2,158**

'000	EUR denominated	MXN denominated	Total
31-Dec-19			
Financial assets			
Cash and cash equivalents	4,540	34	4,574
Loans to customers	23,315	-	23,315
Other financial assets	238	-	238
Total financial assets	**28,093**	**34**	**28,127**
Financial liabilities			
Loans and borrowings	23,380	-	23,380
Other financial liabilities	4,047	22	4,069
Total financial liabilities	**27,361**	**22**	**27,427**
Net liquidity position	**666**	**12**	**677**

The following significant exchange rates were applied during the six-month periods referred to below:

	2020		**2019**	
	Average rate	**Reporting date spot rate**	**Average rate**	**Reporting date spot rate**
EUR/1 USD	1.10	1.12	1.12	1.12
EUR / 1 MXN	23.86	25.95	21.56	21.22

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Company's operations.

The Company's credit policy defines lending guidelines according to its business strategy and efficient risk management, protecting assets as well as complying with local regulatory requirements. Potential or foreseeable changes in applicable laws are analysed on an ongoing basis and any necessary modifications to the Company operations are implemented proactively.

The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

17. RELATED PARTY TRANSACTIONS

(a) Transactions with Sole Director

There were no transactions of any kind with the Sole Director during the first semester of 2020 and for the year 2019.

(b) Transactions with related parties

The related parties with whom the Company has carried out transactions during the first semester of 2020 and the year 2019, and the nature of such relationship, are as follows

	Nature of relationship
ID Finance Investments, S.L.	Parent Company
IDF CAPITAL S.A.P.I. DE C.V., S.O.F.O.M., E.N.R.	Group company
Debt Management Partners, S.L.U.	Group company

Management costs charged by the Group's parent are based on centralized expenses incurred, which are charged to each group company based on their usage.

'000	**30-Jun-20**	**31-Dec-19**
Related party receivables	4,430	50
Related party payables	2,360	2,879
Loans and borrowings from related parties	8,414	4,929

In addition, amounts included in profit or loss in relation with transactions with related parties for the six-month periods ended 30 June are as follows:

'000	**30-Jun-20**	**30-Jun-19**
Financial expense	334	356
Operating expenses	2,595	818
Administrative expenses	880	540

(c) Remunerations of Sole Director and Executives Management

The Sole Director of the Company does not receive any remuneration. The Company considers Executive Management the Chief Executive Officer, who has not received any remuneration from the Company.

18. COMMITMENTS

The Company had no capital or other commitments as at 30 June 2020 and 30 December 2019.

19. GOING CONCERN

The interim financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the settlement of liabilities in the normal course of business.

20. EVENTS AFTER REPORTING DATE

After 30 June 2020 and until the date of authorisation of these Interim financial statements, there were no subsequent events other than those explained in these notes.

MANAGEMENT REPORT

Main activity of the company

ID Finance Spain was created in 2015 in Barcelona and is part to the ID Finance Group, an online provider of financial services, the parent of which is ID Finance Investments, S.L.

The main activity of ID Finance Spain is to grant non-mortgage loans or credits to any person, excluding the activities reserved to financial institutions pursuant to applicable regulations.

The company is benefiting from the growth of the Internet in mobile phones and data availability to provide access to competitive and transparent financial services and address the massive structural demand that traditional operators are not meeting.

The company currently applies machine learning and artificial intelligence to all business areas, from customer review to the optimization of online marketing campaigns and the provision of efficient services to customers. Given our wide experience and an innovative approach to data collection and processing, we offer fast cash loans which are totally automated and readily available.

Results for the period, business evolution and outlook

Total revenue in first half 2020 increased by 62% from 19.4 million euros in 2019 to 31.4 million euros in 2019.This growth has been boosted by constant technological development and the high level of customer retention reached.

Strong growth and cost containment have allowed ID Finance Spain to obtain a profit after tax of 2,243 thousand euros in first half 2020 despite the current macroeconomic environment impacted by COVID-19 international pandemic.

The main objective of the company is to become the number one online consumer loan platform in Spain, diversifying and extending the services offered by launching new consumer finance products.

Transactions with treasury shares

The Company has not carried out any transactions with treasury shares during the year.

Main financial instruments and risk management

The financial instruments key to the company are balances in bank accounts, trade receivables, loans to customers, trade payables, payable loans and other payables arisen from trade transactions.

The Company is exposed to the following risks related to the use of financial instruments and operating activities:

- a) Credit risk
- b) Liquidity risk
- c) Market risk
    - c1) Interest rate risk
    - c2) Foreign currency risk
- d) Operational risk

a) Credit risk is the risk of a financial loss for the company if a customer or counterparty of a financial instrument does not meet its contractual obligations. This is a substantial risk mainly in loans to customers. Credit risk is mitigated as follows:

- The procedures for granting loans are established to ensure the quality of our customer portfolio. These procedures are constantly improved and include judicial and behavioural indications through the analysis of statistical data and rating models.

- Sanctions and extensions of loan repayment terms are used to mitigate the risks related to bad debts. These options are applied when borrowers are struggling or unwilling to pay the debt. Sanctions and extension generate additional cash flows in the portfolio.

b) Liquidity risk refers to the availability of sufficient funds to cover funds received, and other financial commitments when they mature. The cash department monitors these risks by analysing maturity and determining the company's strategy for future financial transactions, as well as the optimization of cash flows.

c) Market risk

c1) Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market interest rates mainly relates to non-current payment obligations arranged at floating interest rates.

The Company manages interest rate risk by holding a balanced portfolio of loans at fixed and floating interest rates.

c2) Foreign currency risk is the risk of loss or other negative effects caused by fluctuations in exchange rates. The Company has liabilities (loans granted by ID Finance group companies) in foreign currency (USD) and is therefore exposed to foreign currency risk.

In general, loans are denominated in the same currency as the cash flows generated by the underlying transactions of the company. Additionally, loan interest is denominated in the loan currency. This provides a natural hedge and no hedging derivatives need to be arranged.

d) Operational risk is the risk of direct or indirect loss as a result of a wide range of causes related to company processes, employee, technology and infrastructure, and external factors other than credit, market and liquidity risks, such as those derived from legal risks, regulatory requirements or generally accepted corporate behaviour standards. Operational risks arise as a result of all company transactions.

The Company's credit policy defines the guidelines for granting loans in accordance with its commercial strategy an efficient risk management, protecting assets and complying with local regulatory requirements. Potential or foreseeable changes in applicable laws are continually analysed and any necessary modification in the company's transactions is proactively implemented.

Senior executives in each business unit are responsible for developing and implementing controls to address operational risk.

Human resources and environmental policy

The Company is dedicated to bring financial prosperity to its customers, employees, and shareholders. Responsible lending is at the core of ID Finance values. The Company carefully assesses customer´s ability to pay and will not offer credit that they do not need or cannot afford. In addition to that, no aggressive credit policies or intrusive marketing techniques are used, and the Company caps interest and fees charged in case of default.

The average headcount of the Company in the first half of 2020 is 76 employees (2019 full year: 63 employees), of whom 44% are women and 56% are men, approximately.

The main values of the Group are as follows:

Diversity: support to inclusive culture

Transparency: profitability-oriented

Flexibility: prioritize positive working environment

The COVID-19 pandemic meant that employees in Spain had to work from home for a few months. In the meantime, the Company has improved the workplace to guarantee a safe COVID free space. In order to adapt its facilities, ID Finance underwent an independent audit from Audelco. The auditing firm prepared a COVID-19 action protocol for a safe return to the office which includes issues such as employee planning or engagement, signage, cleaning, working from home, access control and the monitoring of movements. ID Finance meet all these requirements and was awarded with the Audelco COVID free space certificate.

The Company's recruitment and selection policy has been designed to recruit and select the most qualified and talented people. This policy aims to ensuring fair hiring and equal employment opportunity practices, excluding all type of discriminatory practices.

It should be noted that commitment to environmental protection and respect or efficient consumption of energy resources are a common denominator in the Company's activities and are part of our organization's culture and values.

The Company´s environmental impact has been assessed in the first few months of 2020, identifying the amount of carbon emissions generated in a year. The management has proceeded to reduce and offset its carbon through different activities both internal and external hence becoming a carbon neutral company.

Research and development

The Company has wide experience in both IT systems and data analytics. The IT systems team constantly expand their experience in artificial intelligence and the data analytics team specialize in statistics, machine learning and related methods. The effective combination of both teams drives product innovation and positively transforms customer experience.

AUTHORIZATION OF THE INTERIM FINANCIAL STATEMENTS

The Sole Director has authorized for issue the attached interim financial statements and the attached management report for the six-month period ended 30 June 2020 on 30th July 2020, which are included on pages 1 to 32 attached.

Boris Batine
Sole Administrator

Independent Auditor’s Report in accordance with
International Standards on Auditing

ID FINANCE SPAIN, S.L. (Sociedad Unipersonal)
Special Purpose Financial Statements
for the year ended December 31, 2019

Building a better
working world

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING ON SPECIAL PURPOSE FINANCIAL STATEMENTS

To the Sole Shareholder of ID Finance Spain, S.L. (Sociedad Unipersonal):

Opinion

We have audited the special purpose financial statements of ID Finance Spain, S.L. (Sociedad Unipersonal) (the Company), which comprise the balance sheet as at 31 December 2019, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended, including a summary of significant accounting policies. The special purpose financial statements have been prepared by the Company's Sole Director based on the criteria for financial reporting described in note 2.a, since Sole Director considers such criteria most suitably meet the purpose for which they have been prepared.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of accounting and restriction on distribution and use

We draw attention to Note 2.a to the financial statements, which describes the basis of accounting. As explained in the aforementioned note, the financial statements have been prepared for the purpose of accompanying a debt issuance program. As a result, the financial statements may not be suitable for another purpose. Our report is intended for your information and could be distributed to or used by any other parties with the corresponding non-disclosure agreement in place. Our opinion is not modified in respect of this matter.

Other matter

As explained in Note 2 of the accompanying explanatory notes, the accompany financial statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (IFRS-EU) and have been audited applying International Standards on Auditing. This report cannot be considered an audit carried out in accordance with prevailing audit regulations in Spain.

Responsibilities of the Sole Director for the financial statements

The Sole Director is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU) (see Note 2), and for such internal control as they determine 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, the Sole Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, 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 Sole Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

ERNST & YOUNG, S.L.

Este informe se corresponde con el sello distintivo nº 20/20/06568 emitido por el Col·legi de Censors Jurats de Comptes de Catalunya

Roberto Diez Cerrato

April 6, 2020

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)

Special Purpose IFRS Financial Statements
for the year ended 31 December 2019

ID FINANCE SPAIN S.L. (Sociedad Unipersonal)

Contents

ID FINANCE

BALANCE SHEET AS AT 31 DECEMBER 2019 AND 2018 AND 1 JANUARY 2018

(Thousands of euros)	Note	31-Dec-19	31-Dec-18(*)	01-Jan-18(*)
ASSETS				
Cash and cash equivalents	7	4,574	1,246	1,330
Loans due from customers	8	23,315	11,380	5,252
Prepaid Expenses		38	33	4
Property and equipment	9	183	11	16
Intangible assets	10	82	78	-
Deferred tax assets	13	4,627	1,734	798
Other financial assets	12	199	316	75
Total Assets		**33,018**	**14,798**	**7,475**
LIABILITIES				
Loans and borrowings	11	23,380	12,745	7,122
Current tax liability		57	122	291
Provisions	15	110	33	-
Other financial liabilities	12	4,069	2,761	972
Total Liabilities		**27,616**	**15,661**	**8,385**
EQUITY				
Share capital	14	60	60	60
Other shareholders contributions	14	3,000	-	-
Other reserves	14	12	12	1
Retained earnings from previous years		(935)	(1,008)	(573)
Profit/(Loss) for the year		3,265	73	(398)
Total Equity		**5,402**	**(863)**	**(910)**
Total Liabilities and Equity		**33,018**	**14,798**	**7,475**

The accompanying Notes 1 to 22 are an integral part of the balance sheet at 31 December 2019.

(*)The balance sheets at 31 December 2018 and 1 January 2018 are presented solely and exclusively for comparison purposes (see Note 2c).

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Thousands of euros)	Note	2019	2018
Interest and related Income	4	48,521	23,049
Net Impairment Losses	8	(30,223)	(14,311)
Net Interest and related Revenue		**18,298**	**8,738**
Marketing and issue Expenses	5	(9,036)	(6,252)
Administrative Expenses	6	(2,536)	(1,202)
Depreciation and Amortisation	9,10	(91)	(9)
Operating Income/(Loss)		**6,635**	**1,275**
Financial Interest Expense		(2,234)	(1,130)
Net foreign currency Loss		(38)	(33)
Other Gain/(Loss)		(4)	-
Profit/(Loss) before Income Tax		**4,359**	**112**
Income Tax Expense	13	(1,094)	(39)
Profit/(Loss) for the year		**3,265**	**73**

The accompanying Notes 1 to 22 are an integral part of the income statement for the year ended 31 December 2019.

(*) The income statement for the year ended 31 December 2018 is presented solely and exclusively for comparison purposes (see Note 2c).

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Thousands of euros)	2019	2018 (*)
Profit/(loss) for the year	**3,265**	**75**
Other comprehensive income, net of income tax		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)	-	-
Total other comprehensive income for the year, net of income tax	**-**	-
Total comprehensive income/(loss) for the year	**3,265**	**75**

The accompanying Notes 1 to 22 are an integral part of the statement of recognised income and expenses for the year ended 31 December 2019.

(*) The statement of recognised income and expenses for the year ended 31 December 2018 is presented solely and exclusively for comparison purposes (see Note 2c).

ID FINANCE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

(Thousands of euros)	Share capital	Other Shareholders contributions	Retained earnings	Other Reserves	Profit/(Loss) for the year	Total equity
Balance as at 1 January 2019	**60**	**-**	**(1,008)**	**12**	**73**	**(863)**
Total comprehensive income						
Profit for the year	-	-	-	-	3,265	**3,265**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**3,265**	**3,265**
Transfer between equity components	-	-	73	-	(73)	**-**
Other (Note 14)	-	3,000	-	-	-	**3,000**
Total contributions and distributions	**-**	**3,000**	**73**	**-**	**(73)**	**3,000**
Balance as at 31 December 2019	**60**	**3,000**	**(935)**	**12**	**3,265**	**5,402**

ID FINANCE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018(*)

(Thousands of euros)	Share capital	Other Shareholders contributions	Retained earnings	Other Reserves	Profit/(Loss) for the year	Total equity
Balance as at 1 January 2018	**60**	**-**	**(573)**	**1**	**(398)**	**(910)**
Total comprehensive income						
Profit for the year	-	-	-	-	73	**73**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**73**	**73**
Transfer between equity components	-	-	(435)	-	398	**(37)**
Other	-	-	-	11	-	**11**
Total contributions and distributions	**-**	**-**	**(435)**	**11**	**398**	**(26)**
Balance as at 31 December 2019	**60**	**-**	**(1,008)**	**12**	**73**	**(863)**

The accompanying Notes 1 to 22 are an integral part of the statement of changes in equity for the year ended 31 December 2019.

(*) The statement of changes in equity for the year ended 31 December 2018 is presented solely and exclusively for comparison purposes (see Note 2c).

ID FINANCE

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Thousands of euros)	Note	2019	2018(*)
Cash flows from operating activities			
Profit/(loss) before income tax		4,359	112
Adjustment for:			
Provision for impairment losses on loans	9	-	-
Interest income from non-customers loan		-	-
Interest expense on loans and borrowings		-	-
Other gains/losses		-	-
Depreciation and amortization	10,11	91	9
Foreign exchange loss		38	33
Increase in loans due from customers		(42,158)	(18,204)
Increase/Decrease in financial instruments designated at fair value through income or loss		-	-
Increase/Decrease in other assets		(111)	270
Increase/Decrease in other liabilities		(1,308)	(1,789)
Income tax paid		(1,265)	(376)
Net cash-flows used in operating activities		**(10,131)**	**(5,634)**
Cash flows from investing activities			
Payments			
Purchases of intangible assets	11	(4)	(78)
Purchases of property and equipment	10	(172)	5
Loans to related parties		-	-
Collections			
Interest collections		-	-
Loans to related parties		-	-
Net cash flows used in investing activities		**(176)**	**(73)**
Cash flows from financing activities			
Payments			
Interest payments		-	-
Collections			
Increase/Decrease in loans and borrowings	11	10,635	5,623
Net proceeds from issuance of common stock		-	-
Other shareholders contribution	14	3,000	-
Net cash flows from financing activities		**13,635**	**5,623**
Net increase in cash and cash equivalents		**3,328**	**(84)**
Cash and cash equivalents at the beginning of the period	7	**1,246**	**1,330**
Effect of exchange rate fluctuations on cash		-	-
Cash and cash equivalents at the end of the period	7	**4,574**	**1,246**

The accompanying Notes 1 to 23 are an integral part of the statement of cash flows for the year ended 31 December 2019.

(*)The statement of cash flows for the year ended 31 December 2018 is presented solely and exclusively for comparison purposes (see Note 2c).

1. GENERAL INFORMATION

ID Finance Spain, S.L. (Sociedad Unipersonal) (hereinafter referred to as the "Company") is a sole shareholder limited company and was established on February 26, 2015. Its registered office is on Carrer Moià No. 1, 1st floor (08006) Barcelona, Spain. The Company CIF number is B66487190. Its registered office was included in the commercial register in Barcelona on March 23, 2015 in volume 44.735, folio 28, and sheet B 464824, inscription 1.

The main purpose of the Company is to exercise and exploit the following activities:

- Granting of non-mortgage loans or credits to any person, excluding in any case, the activities reserved to credit institutions in accordance with the applicable regulations.
- Advertising, consultancy and providing services in relation to the Internet, as well as placing ads on any other traditional or new media.
- Provision of online digital comparison services for financial products and instruments.

The Company is a leading digital finance provider in Spain.

The Company belongs to a Group of companies under the terms of Article 42 of the Commercial Code, the parent of which is ID Finance Investments, S.L. with registered office at Carrer Moià 1, 1ª planta, 08006 Barcelona. As of 31 December 2019 and 2018, the scope of the Group encompassed 6 subsidiaries. These companies engage in a range of activities, including among others, credit scoring and digital consumer finance provider.

ID Finance is a data-driven financing platform that is pioneering fintech innovation in emerging markets with a range of convenient, competitive and transparent finance services available over the internet. The Company uses machine learning and advanced data science techniques to improve access to competitive financial services.

In 2019, the Parent Company of ID Finance Spain, S.L. closed a 5,4 million euros equity crowdfunding round and became a member of the EURONEXT TechShare Program

In March 2020, ID Finance ranked as the fastest growing fintech in Spain for 2019 by Financial Times for third consecutive year (2017-2019).

The Group prepares consolidated financial statements in accordance with IFRS-EU, whilst each component prepares separate statutory financial statements subject to the regulation in place in each jurisdiction in which they operate.

2. BASIS OF PRESENTATION AND ACCOUNTING STANDARDS

(a) Basis of presentation and purpose of these special purpose financial statements

These special purpose IFRS financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) published by the International Accounting Standards Board (IASB) and further interpretations, so that they give a true and fair view, in all material respects, of the equity and financial position of the Company as of December 31, 2019, and the results of its operations and cash flows for the year then ended, in conformity with the aforementioned applicable regulatory framework for financial information and, specifically, the accounting principles and criteria contained therein.

These special purpose IFRS financial statements have been prepared in accordance with IFRS-EU in order to present information on the financial positions of the Company for the purpose of accompanying a debt issuance program, and, as such, cannot be considered annual accounts in accordance with the prevailing laws and regulation in Spain.

These special purpose IFRS financial statements have been prepared from the accounting records kept by the Company. However, given that the accounting principles and measurement criteria applied in the preparation of the financial statements may differ if using local accounting local requirements, the necessary adjustments and reclassifications have been made during the preparation of the financial statements to adapt them to the IFRS-UE principles.

The functional currency of the Company is Euro. All values are rounded to the nearest thousand (€'000), except when otherwise indicated.

The accounting policies used in the preparation of these special purpose financial statements meet every prevailing standard at the date they were authorized for issue. The International Financial Reporting Standards as adopted by the European Union establish application alternatives in some cases. The options applied by the Company are described in the several accounting policies detailed in these Notes.

(b) Basis of measurement

The main accounting policies and measurement basis applied in preparing the Company financial statements for 2019 are summarised in Note 3.

(c) Comparative information

These special purpose financial statements for the year ended 31 December 2019, are the first financial statements that the Company prepares in accordance with IFRS-EU. Accordingly, the Company presents, together with figures related to the annual period ending 31 December 2019, the figures for the comparative period, ended 31 December 2018, and thus presents also the opening balance sheet figures as at 1 January 2018 (see Note 2d).

(d) Mandatory new standards, amendments and interpretations for annual periods beginning 1 January 2019

Following is a list of the main mandatory standards, amendments or interpretations by the International Accounting Standards Board ("IASB") and endorsed by the European Union with mandatory application for annual periods beginning after 1 January 2019.

Amendment to IFRS 9: "Financial instruments"

Effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The purpose of the amendment is to allow debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income rather than at fair value through profit or loss.

These amendments did not have a significant impact when preparing these financial statements.

IFRS 16: "Leases"

Effective for annual periods beginning on or after 1 January 2019, with early application permitted for entities also applying IFRS 15.

IFRS 16 was issued by the IASB in May 2017 and adopted by the European Union via Regulation (EU) 2017/1986 of 31 October 2017, and amends IFRS 1, IFRS 3, IFRS 4, IFRS 7, IFRS 9, IFRS 13 and IFRS 15, IAS 1, IAS 2, IAS 7, IAS 12, IAS 16, IAS 21, IAS 23, IAS 32, IAS 37, IAS 38, IAS 39, IAS 40 and IAS 41, IFRIC 1 and IFRIC 12, and SIC 29 and SIC 32, and repeals IAS 17, IFRIC 4, SIC 15 and SIC 27.

IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases. Lessor accounting is substantially unchanged from accounting under IAS 17 with the dual model, distinguishing between finance and operating leases. (Still, the Company does not act as lessor in lease agreements).

For lessees, IFRS 16 eliminates the dual accounting model and develops a single model whereby the lessee is required to recognise most leases on the balance sheet similar to the accounting for finance leases under IAS 17. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lessees are required to recognise separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability to reflect changes in lease payments from the commencement upon the occurrence of certain events (e.g. a change in the lease term, or a change in an index used to update those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company has adopted IFRS 16 using the modified retrospective approach with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transitional expedient not to reassess whether a contract is or contains a lease at 1 January 2019. Instead the Company has applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases (with terms equal to or under 12 months) or leases for which the underlying asset is of low value.

For leases classified as finance leases under the previous standard, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 is the same, respectively, as the carrying amounts of the lease asset and lease liability at 31 December 2018 measured applying the previous standard. Subsequently, the right-of-use asset and the lease liability is accounted for under the new requirements for leases introduced by IFRS 16.

For leases previously classified as operating leases under the previous standard (except for short-term leases or leases for which the underlying asset is of low value), from 1 January 2019 the Company has recognised:

- A lease liability, measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at that date: € 227 thousand euros
- A right-of-use asset, measured at an amount equal to the lease liability recognised as described in the preceding paragraph, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 31 December 2018: € 227 thousand euros

The lease liabilities as at 1 January 2019 can be reconciled to the opening lease commitments as of 31 December 2018, as follows:

	€'000
Operating lease commitments as at 31 December 2018	279
Less:	
Commitments relating to short-term assets	-
Commitments relating to leases of low-value assets	-
Total commitments considered	279
Weighted average incremental borrowing rate as at 1 January 2019	12%
Lease liabilities as at 1 January 2019	**227**

The Company has applied the following practical expedients, in addition to those mentioned in the previous paragraphs:

- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

IFRIC 23: "Uncertainty over income tax treatments"

Effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

This interpretation clarifies application of recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In these circumstances, the entity shall recognise and measures its current or deferred tax assets or liabilities applying the requirements of IAS 12 to taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying this interpretation.

This interpretation did not have a significant impact when preparing these financial statements.

Amendment to IAS 28: "Investments in associates and joint ventures"

Effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The purpose of this amendment is to clarify that an entity should apply IFRS 9 "Financial instruments" in an associate or joint venture that is not applied the equity method and that form part of the net investment.

This amendment did not have a significant impact when preparing these financial statements.

Annual "Improvements to IFRS" project (2015-2017 cycle)

Effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The improvements in this cycle affect IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements - previously held interest in a joint operation"; IAS 12 "Income Taxes - income tax consequences of dividends"; and IAS 23 "Borrowing Costs - borrowing costs eligible for capitalisation".

These amendments did not have a significant impact when preparing these financial statements.

Amendments to IAS 19: "Plan amendment, curtailment or settlement"

Effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

IAS 19 outlines how entities should account for changes defined-benefit plan, requiring remeasurement of the present value of benefit liabilities and the fair value of plan assets. Remeasurement requires the use of current assumptions to determine the current service cost and net interest on the net defined benefit liability (assets) resulting from a plan amendment.

These amendments did not have a significant impact when preparing these financial statements.

(e) New mandatory standards, amendments and interpretations applicable in the years subsequent to the calendar year beginning 1 January 2020 approved by the European Union.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

Effective for annual periods beginning on or after 1 January 2021.

The amendments introduce changes to align the definition of materiality to the definition contained in the conceptual framework.

Amendments to the Conceptual Framework for Financial Reporting

Effective for annual periods beginning on or after 1 January 2020, with early adoption permitted.

The amendments to the conceptual framework include revised definitions of assets and liabilities, as well as new guidance on measurement and derecognition, presentation and disclosure.

(f) New mandatory standards, amendments and interpretations applicable in the years subsequent to the calendar year beginning 1 January 2020 pending approval by the European Union.

IFRS 17: "Insurance contracts"

Effective for annual periods beginning on or after 1 January 2021, with early adoption permitted.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The purpose is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. IFRS 17 replaces IFRS 4 "Insurance Contracts".

Amendments to IFRS 3 "Business Combinations"

Effective for annual periods beginning on or after 1 January 2020.

The amendments clarify the definition of businesses.

(g) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS-EU requires from Management the exercise of judgement, to make estimates and assumptions that influence the application of accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Allowances for credit losses on loans and receivables

Total allowances for impairment on loans and advances are assessed collectively. Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired financial assets, but the individual impaired items cannot yet be identified. Collectively assessed impairment allowances also cover credit losses for portfolios of defaulted loans which are defined as past due 90 days or more. In assessing the need for collective loss allowances, management considers factors such as probability of default, loss given default ("LGD"), portfolio size, delay concentration and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. To assess collective impairment allowances, the loan portfolio is grouped based on delay days. The significant assumptions used in determining collective impairment losses for the loan portfolio include:

- Management assumes that Company collects cash from defaulted loans up to 24 months after default.
- Management calculates probability of default ratios using historic transition matrices which analyses loan portfolio movements between the delinquency buckets over one-month periods. This analysis is undertaken on a bucket's basis, in which the average probability of default ratios of the last 365 days is recalculated. Management writes off trade receivables and loans due from customers, when they are past due more than 810 days, or earlier if deemed to be uncollectable.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generation unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. There are no indicators of impairment of non-financial assets at 31 December 2019 and 2018. The most significant non-financial assets subject to potential impairment testing are owned property and equipment and intangible assets, which mainly represent internal software development costs capitalised.

Deferred tax assets and uncertain tax positions

Income tax expense comprises current and deferred tax. Current tax is tax payable on taxable income for the year, using tax rates at reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies (see Note 13).

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements, unless otherwise stated.

(a) Income and expense recognition

Interest income (including commission, extension fee and penalty) from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income or expense is recognised using the effective interest method.

If the Company revises its estimates of payments or receipts, it adjusts the carrying amount of the loan to reflect actual and revised estimated cash flows. The Company then recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate, and the adjustment to the carrying amount is recognised in income. When it receives loan extension fees, which represent prepaid interest for the requested period of extension, such amounts represent the increase in the carrying value of the loan and are recognised in income upon receipt.

Other fees, commissions, penalties and other income and expense items are recognised in profit or loss when the corresponding service is provided.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured in thousands of euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies are premeasured into the functional currency at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

As at the reporting date, the assets and liabilities of the Company with functional currencies other than the presentation currency are translated into the presentation currency of the Company (EUR euros) at the rate as at the reporting date, the assets and liabilities of the Company with functional currencies other than the presentation currency are translated into the presentation currency of the Company (EUR euros) at the rate of exchange ruling at the reporting date and their operations are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

(e) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax and is recorded in the profit or loss.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

(f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Financial instruments

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Company:

- intends to sell immediately or in the near term;
- upon initial recognition designates as at fair value through profit or loss;
- upon initial recognition designates as available-for-sale or, may not recover substantially all of its initial investment, other than because of credit deterioration.

Management determines the appropriate classification of financial instruments at the time of the initial recognition.

The Company classifies non-derivative financial assets into loans and receivables category, which consists of loans due from customers, cash and cash equivalents and other assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities' category. Other financial liabilities comprise of loans from related party and other liabilities.

(ii) Recognition

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, loans and receivables and other financial liabilities are measured at amortised cost using the effective interest method.

(iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(v) Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in these circumstances.

The key financial instruments of the Company are cash, trade receivables, loans due from customers, loans to related parties, trade payables, loans payable and other creditors arising from the business activities.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

In addition, for financial reporting purposes, the Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(vi) Gains and losses on subsequent measurement

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortization process.

(vii) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire~~,~~ or when it transfers substantially all the risks and rewards of ownership of the financial asset. Any rights created or retained by the Company is recognised as a separate asset or liability in the statement of financial position. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

(viii) Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(h) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(i) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. When objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

In assessing collective impairment, the Company uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate. Specific impairment testing is not undertaken since the loan portfolio consists of a large number of small exposure loans that would make individual impairment testing impractical.

The Company has applied this accounting policies since 1 January 2018.

(j) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to EUR euros at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to EUR euros at rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised as a separate component of equity.

(k) Financial assets carried at amortised cost

Financial assets carried at amortised cost consist principally of loans and other receivables. The Company reviews its loans and receivables to assess impairment on a regular basis.

The Company first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed loan or receivable, whether significant or not, it includes the loan or receivable in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a loan or receivable has been incurred, the amount of the loss is measured as the difference between the carrying amount of the loan or receivable and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the loan or receivable's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows.

In some cases, the observable data required to estimate the amount of an impairment loss on a loan or receivable may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data related to similar borrowers. In such cases, the Company uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of loans and receivables are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

When a loan is uncollectable, it is written off against the related allowance for loan impairment. The Company writes off a loan balance (and any related allowances for loan losses) when management determines that the loans are uncollectible and when all necessary steps to collect the loan are completed.

(l) Leases

(i) Policy applicable before 1 January 2019

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

(ii) Policy applicable as of 1 January 2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

(m) Non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of goodwill is estimated at each reporting date. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognised in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Property and equipment

(i) Owned assets

Items of property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Where an item of property and equipment comprises, major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Depreciation

Depreciation is charged in profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Computer equipment	3 years
Long-term leasehold improvements	5 years
Other property and equipment	5 years

At each year end, the Company reviews the residual value, useful life and depreciation method of property, plant and equipment items. Any changes in the initial criteria are accounted for as a change to estimates.

(iii) Depreciation

The Company evaluates and determines impairment losses on property, plant and equipment and any reversals thereof in accordance with the criteria described in Note 3 p).

(n) Intangible assets

The Company has a detailed Intangible Assets Capitalisation Policy covering accounting for development projects. The Company incurs costs for development of computer software and similar items, which may be capitalised. Capitalised expenditure can be either external (for example, IT subcontractors) or generated internally within the entity (for example, IT employees developing IT software). Only assets are capitalised that are separately identifiable, for which the entity has control, and for which probable future economic benefits shall be recognised. No intangible asset costs arising from the research phase of a project are capitalised. Expenditure on research is expensed when incurred. Amortisation commences once the item is in the location and conditions necessary for it to be capable of operating in the manner intended by management and has been accepted by the business owner. Intangible assets, other than goodwill, are stated at cost less accumulated amortization and impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortization is charged in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

Licenses, trademarks and similar rights	5 years
Software and other intangible assets	3 years

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, production or creation of the qualifying assets are recognised in profit or loss using the effective interest method.

Borrowing costs are capitalised related to the creation, production of the new qualifying assets. Borrowing costs attributable to the creation of qualifying assets are capitalised as a portion of the qualifying asset's cost. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use or sale. For the Company, the capitalisation of borrowing costs is relating to intangibles is mainly relevant for capitalised expenditure for the development of new data IT systems.

(p) Impairment of non-financial assets

Assets with an indefinite useful life are not amortised but tested annually for impairment. Assets that are amortised or depreciated are tested for impairment whenever events or changed circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount by which the carrying amount of an asset Exceeds its recoverable amount, which is the greater of the net selling price and value in use. In respect of items of property, plant and equipment and intangible assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(q) Share capital, Share Premium and other Shareholders contributions.

Share capital is classified as equity.

Share Premium - the difference between the par value of a company's shares and the total amount a company received for shares recently issued. The share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Spain Companies Law on reduction of share capital.

Other shareholders contributions - Assets, liabilities and equity items received from equity holders or owners in their capacity as such and for transactions not recorded in other accounts, provided that these items do not constitute compensation for goods delivered or services rendered by the company and that they do not have the nature of a liability.

(r) Dividends

The ability of the Company to declare and pay dividends is subject to the rules and regulations of Spain legislation.

Dividends in relation to share capital are reflected as an appropriation of retained earnings in the period when they are declared.

(s) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(t) Transactions with related parties

Transactions with related parties are accounted in accordance with the valuation rules detailed above, except for the following transactions:

•The non-monetary contributions of a business to a company are generally measured at the book value of the equity items delivered in the financial statements at the date the transaction is carried out.

•In the merger and split operations of a business, the acquired elements are generally valued at the amount corresponding to them, once the transaction has been completed, in the financial statements. Differences that arise are registered in reserves.

4. INTEREST AND RELATED INCOME

’000	2019	2018
Interest on loans due from Customers	21,947	9,114
Penalties	18,014	9,494
Extension fees	8,357	4,441
Other revenues	203	-
Total	**48,521**	**23,049**

5. MARKETING, LOAN ISSUE AND SERVICING EXPENSE

’000	2019	2018
Marketing Expenses	4,743	2,875
Product and Payment Processing	739	867
Collection Expenses	1,604	1,128
Client Identification and Scoring	1,524	1,182
Other	426	200
Total	**9,036**	**6,252**

6. ADMINISTRATIVE EXPENSES

’000	2019	2018
Remuneration to Employees and payroll taxes	657	429
Professional Services Fees	188	200
Hosting and IT maintenance	77	-
Audit Fees	57	40
Holding charges	1,497	533
Other	60	-
Total	**2,536**	**1,202**

The Parent Company charged to the Company IT and Risk development, maintenance and support costs and other centralised expenses for an amount of 1,206 thousand of euros in 2019 (2018: 402 thousand of euros), which are charged based on their usage.

In 2018, the caption “Administrative Expenses” includes an amount of 86 thousand euros for the lease expenses.

The statutory auditor is Ernst & Young. The audit fees for 2019 were 42 thousand of euros (2018: 40 thousand of euros). In 2019, the Ernst & Young provided other audit-related services for a total amount of 15 thousand of euro.

The average number of employees in 2019 was 64 (2018: 37).

In addition, the table below shows the number of employees by gender and category as of 31 December 2019 and 2018 and the average number of employees in each year:

	2019			2018		
Category	Male	Female	Average 2019	Male	Female	Average 2018
Senior Management	-	1	1	-	1	1
Middle Management	9	2	8	3	4	6
Other	55	46	54	19	20	30
Total	**64**	**49**	**63**	**22**	**25**	**37**

As of December 2019, and December 2018, the Company does not have any employee with disabilities within its workforce.

7. CASH AND CASH EQUIVALENTS

’000	**31-Dec-19**	**31-Dec-18**	**01-Jan-18**
Cash in bank	4,574	1,246	1,330
Total cash and cash equivalents	**4,574**	**1,246**	**1,330**

All the cash balances included in this caption have no restrictions for use and have not generated any interest income.

8. LOANS DUE FROM CUSTOMERS

’000	**31-Dec-19**	**31-Dec-18**	**01-Jan-18**
Gross loans due from customers	49,386	22,378	13,348
Impairment allowance	(26,071)	(10,998)	(8,096)
Net loans due from customers	**23,315**	**11,380**	**5,252**

Movements in the loan impairment allowance by classes of loans due from customers for the respective periods are as follows:

'000	31-Dec-19	31-Dec-18
Balance at the beginning of the year	(10,998)	(8,096)
Charge for the period	(30,223)	(14,311)
Amounts written off	15,150	11,409
Balance at the end of the year	**(26,071)**	**(10,998)**

As at December 31 the ageing analysis of loans due from customers is, as follows:

'000

31-Dec-19	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not delayed (Stage 1)	16,239	717	15,522	4%
1-90 days past due (Stage 2)	11,583	7,299	4,284	63%
> 91 days past due (Stage 3)	21,564	18,055	3,509	84%
Total overdue or impaired loans	**33,147**	**25,354**	**7,793**	**76%**
Total loans to customers	**49,386**	**26,071**	**23,315**	**53%**

'000

31-Dec-18	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not delayed (Stage 1)	8,045	257	7,788	3%
1-90 days past due (Stage 2)	5,706	3,517	2,189	62%
> 91 days past due (Stage 3)	8,627	7,224	1,403	84%
Total overdue or impaired loans	**14,333**	**10,741**	**3,592**	**75%**
Total loans to customers	**22,378**	**10,998**	**11,380**	**49%**

'000

01-Jan-18	Gross loans	Impairment allowance	Net loans	Impairment allowance to gross loans, %
Not delayed (Stage 1)	2,955	96	2,859	3%
1-90 days past due (Stage 2)	3,477	1,986	1,491	57%
> 91 days past due (Stage 3)	6,810	6,014	796	88%
Total overdue or impaired loans	**10,287**	**8,000**	**2,287**	**78%**
Total loans to customers	**13,242**	**8,096**	**5,106**	**61%**

The fair value of loans due from customers is closely related to its book value net of impairment and is classified as level 2.

9. PROPERTY AND EQUIPMENT

'000	Equipment	Fixtures and fittings	Leases	Total
Cost				
Balance at 1 January 2019	19	6	-	25
Additions/disposals	8	-	227	235
Balance at 31 December 2019	**27**	**6**	**227**	**260**
Accumulated depreciation				
Balance at 1 January 2019	11	3	-	14
Depreciation and amortisation for the year	4	1	58	63
Balance at 31 December 2019	**15**	**4**	**58**	**77**
Carrying amount				
At 31 December 2019	**12**	**2**	**169**	**183**
At 1 January 2019	**8**	**3**	**-**	**11**

'000	Equipment	Fixtures and fittings	Total
Cost			
Balance at 1 January 2018	18	6	24
Additions/disposals	1	-	1
Balance at 31 December 2018	**19**	**6**	**25**
Accumulated depreciation			
Balance at 1 January 2018	7	1	8
Depreciation and amortisation for the year	4	2	6
Balance at 31 December 2018	**11**	**3**	**14**
Carrying amount			
At 31 December 2018	**8**	**3**	**11**
At 1 January 2018	**11**	**5**	**16**

The fair value of total tangible assets at 31 December 2019 and 31 December 2018 does not differ significantly from that recognised under "Property and equipment" in the accompanying balance sheet. As per 1 January 2019, the Company has recognised 227 thousand euro related to the right of use of the premises it rents, after the adoption of IFRS 16, as explained in Note 2(e). The changes in the related lease liability through 2019 are as follows:

	'000
First-time adoption of IFRS 16 (as per 1 January 2019)	227
Interest accrual	22
Rent payments	(71)
Lease liability as per 31 December 2019 (see note 12)	**178**

10. INTANGIBLE ASSETS

’000	Software
Cost	
Balance at 1 January 2019	82
Additions/disposals	32
Balance at 31 December 2019	**114**
Accumulated depreciation	
Balance at 1 January 2019	4
Depreciation and amortisation for the year	28
Balance at 31 December 2019	**32**
Carrying amount	
At 31 December 2019	**82**
At 1 January 2019	**78**

’000	Software
Cost	
Balance at 1 January 2018	-
Additions/disposals	82
Balance at 31 December 2018	**82**
Accumulated depreciation	
Balance at 1 January 2018	-
Depreciation and amortisation for the year	4
Balance at 31 December 2018	**4**
Carrying amount	
At 31 December 2018	**78**
At 1 January 2018	**-**

11. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Company interest-bearing loans and borrowings, which are measured at amortised cost.

’000	31.Dec.19	31.Dec.18	01.Jan.18
Loans from private investors	18,451	5,700	1,665
Loans from related parties	4,929	7,045	5,457
Loans and borrowings	**23,380**	**12,745**	**7,122**
Maturing within one year	16,643	5,217	1,665
Maturing after one year	6,737	7,528	5,457
Loans and borrowings	**23,380**	**12,745**	**7,122**

Detailed breakdowns of loans and borrowing maturities are presented in Note 16.

The fair value of total Loans and Borrowings at 31 December 2019 and 31 December 2018 does not differ significantly from that recognised under "Loans and Borrowings" in the accompanying balance sheet and is classified as level 2.

12. OTHER FINANCIAL ASSETS AND LIABILITIES

'000	**31-Dec-19**	**31-Dec-18**	**01-Jan-18**
Receivables related parties	50	-	-
Other financial assets	149	316	75
Total other financial assets	**199**	**316**	**75**

'000	**31-Dec-19**	**31-Dec-18**	**01-Jan-18**
Payables on services	598	202	-
Employee Payables	46	44	7
Payables to Related Parties	2,879	1,654	452
Other Payables	546	861	513
Total other financial liabilities	**4,069**	**2,761**	**972**

Caption "Other payables" includes lease liabilities for a total amount of 178 thousand of euro as of December 31, 2019 (see note 9).

13. INCOME TAX

The Company files a consolidated income tax return with the tax group of which ID Finance Investments, S.L. is the parent.

(a) Income tax expense

'000	**2019**	**2018**
Current income taxes	3.987	973
Deferred taxes	(2.893)	(936)
Total income tax expense	**1,094**	**37**

The tax rate in Spain is 25%.

(b) Reconciliation of taxation based of taxable profit and taxation based on accounting profit:

'000	**2019**	**2018**
Profit/(loss) before tax	**4.359**	**110**
Income tax at the prevailing tax rate	1.090	28
Non-deductible costs (non-taxable income)	4	9
Change in unrecognised deferred tax assets		
Impact from tax rate from other jurisdictions		
Total income tax gain	**(1.094)**	**(37)**

(c) Deferred tax assets

’000

2019	**Balance 1 January 2019**	**Recognised in profit or loss**	**Balance 31 December 2019**
Loans to customers	1.039	2.457	3.496
Loss carry- forward	695	275	970
Total Deferred tax assets	**1.734**	**2.893**	**4.627**

’000

2018	**Balance 1 January 2018**	**Recognised in profit or loss**	**Balance 31 December 2018**
Loans to customers	798	241	1.039
Loss carry- forward	-	695	695
Total Deferred tax assets	**798**	**936**	**1.734**

The Company expects to recover the Deferred tax assets of the balance sheet by using them in the income tax calculation within the next 5 years.

14. SHARE CAPITAL AND RESERVES

(a) Issued capital

At 1 April 2015, the Company’s share capital consisted of 3,006 shares with a value of 1 euro each. The shares were fully subscribed and paid.

As at 13 December 2017, the Company approved a capital increase through the issuance of 56,994 shares with a value of 1 euro each. As a result of this increase, the share capital was increased to 60,000 shares.

As at December 2019 and 2018, capital consists in 60,000 shares of 1 euro of nominal value each, fully subscribed and disbursed by the Company’s sole shareholder.

(b) Other shareholders contributions

As at 19 December 2019, the Company’s Sole Shareholder approved a cash contribution into the equity of IDF Spain of 3,000 thousand euros, which have been disbursed on December 20th.

(c) Reserves and retained earnings

Legal Reserve

According to the Law on Capital Companies, the legal reserve, as long as it does not exceed the limit of 20% of the share capital, is not distributable to shareholders and may only be allocated, in the case of no other reserves available, to the compensation of Losses. This reserve may also be used to increase share capital in the amount exceeding 10% of the capital already increased. This legal reserve amounts to 12 thousand euros as at December 31, 2019 and 2018.

(d) Dividends

Dividends payable are restricted to the maximum retained earnings of the Company, which are determined according to Spain legislation.

15. PROVISIONS AND CONTINGENCIES

At December 31, 2019 and 2018, the Company has several legal proceedings underway as a result of several lawsuits derived from its ordinary activity. Based on all available documentation at year end, the Company has recorded in 2019 a provision amounting to 110 thousand euros (33 thousand euros in 2018) to meet these contingencies.

16. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments and operating activities:

a) Credit risk

b) Liquidity risk

c) Market risk

c1) Interest rate risk
c2) Currency risk

d) Operational risk

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company loans from customers. Credit risk is mitigated as follows:

- Lending procedures are set up to ensure quality of the loan portfolio. Such procedures are constantly improved and include judicial and behavioural indicators, statistical data mining and scoring models, and use of credit bureau data.
- Penalties and term extensions are used to mitigate risks associated with unpaid debts. These options are available to borrowers in cases where there is a difficulty or unwillingness to repay the debts. Penalties and extensions generate extra cash flows to the portfolio.
- Loan loss allowances are an adequate way to mitigate risk of losses to be incurred during loan repayment transactions.

Maximum exposure of credit risk

The Company maximum exposure to credit risk varies significantly and is dependent on both individual risks and general market economy risks.

The following table presents the maximum exposure to credit risk of financial assets. For financial assets in the statement of financial position, the maximum exposure is equal to the carrying amount of those assets:

’000	**31-Dec-19**	**31-Dec-18**	**01-Jan-18**
Cash and cash equivalents	4,574	1,246	1,330
Loans due from customers	23,315	11,380	5,252
Prepaid expenses and other financial assets	237	349	79
Total financial assets	**28,126**	**12,975**	**6,661**

(b) Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet borrowed funds withdrawals and other financial commitments associated with financial instruments as they actually fall due. The Head of Treasury controls these types of risks by means of maturity analysis, determining the Company strategy for the next financial period. Current liquidity is managed by the Head of Treasury as well, which deals with the markets for current liquidity support and cash flow optimization. The tables below set out the remaining contractual maturities of the Company financial liabilities and financial assets. In order to manage liquidity risk, as part of the assets/liability's management process, the Company's Head of Treasury performs daily monitoring of future expected cash flows from customers.

An analysis of the liquidity risk is presented in the following table.

'000

31-Dec-19	**up to 1 month**	**1 - 4 months**	**4 months - 1 year**	**1-2 years**	**Total**
Financial assets					
Cash and cash equivalents	4,574	-	-	-	4,574
Loans to customers	-	19,331	-	3,984	23,315
Loans to related parties	-	-	-	-	-
Other financial assets	237	-	-	-	237
Total financial assets	**4,818**	**19,331**	**-**	**3,984**	**28,126**
Financial liabilities					
Loans and borrowings	-	14,480	2,163	6,737	23,380
Other financial liabilities	4,069	-	-	-	4,069
Total financial liabilities	**4,069**	**14,480**	**2,163**	**6,737**	**27,448**
Net liquidity position	**742**	**4,851**	**(2,163)**	**(2,753)**	**677**

'000

31-Dec-18	**up to 1 month**	**1 - 4 months**	**4 months - 1 year**	**1-2 years**	**Total**
Financial assets					
Cash and cash equivalents	1,246	-	-	-	1,246
Loans to customers	-	10,350	-	1,030	11,380
Other financial assets	349	-	-	-	349
Total financial assets	**1,595**	**10,350**	**-**	**1,030**	**12,975**
Financial liabilities					
Loans and borrowings	-	5,217	-	7,528	12,745
Other financial liabilities	2,762	-	-	-	2,762
Total financial liabilities	**2,762**	**5,217**	**-**	**7,528**	**15,507**
Net liquidity position	**(1,167)**	**5,133**	**-**	**(6,498)**	**(2,532)**

'000

01-Jan-18	up to 1 month	1 - 4 months	4 months - 1 year	1-2 years	Total
Financial assets					
Cash and cash equivalents	1,330	-	-	-	1,330
Loans to customers	-	5,252	-	-	5,252
Other financial assets	79	-	-	-	79
Total financial assets	**1,409**	**5,252**	**-**	**-**	**6,661**
Financial liabilities					
Loans and borrowings	-	1,665	-	5,457	7,122
Other financial liabilities	972	-	-	-	972
Total financial liabilities	**972**	**1,665**	**-**	**5,457**	**8,094**
Net liquidity position	**437**	**3,587**	**-**	**(5,457)**	**(1,433)**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk covers interest rate risk, currency risk and other pricing risks to which the Company is exposed. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company´s Head of Treasury conducts monitoring of the Company's current financial performance, estimates the Company's sensitivity to changes in interest rates and its influence on the Company's profitability.

c1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Head of Treasury manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

c2) Currency risk

Currency risk is the risk of losses or other adverse effects resulting from a change in a foreign exchange rate, or from other unfavourable changes in relation to a foreign currency. The Company has assets and liabilities denominated in several foreign currencies and hence is exposed to Currency Risk.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides a natural hedge without a need to enter into derivatives contracts.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company strategy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot or forward rates when necessary to address short and longer term imbalances.

The Company's exposure to foreign currency exchange rate risk is presented in the table below:

'000	EUR denominated	MXN denominated	Total
31-Dec-19			
Financial assets			
Cash and cash equivalents	4,540	34	4,574
Loans to customers	23,315	-	23,315
Other financial assets	238	-	238
Total financial assets	**28,093**	**34**	**28,127**
Financial liabilities			
Loans and borrowings	23,380	-	23,380
Other financial liabilities	4,047	22	4,069
Total financial liabilities	**27,361**	**22**	**27,427**
Net liquidity position	**666**	**12**	**677**

'000	EUR denominated	USD denominated	MXN denominated	Total
31-Dec-18				
Financial assets				
Cash and cash equivalents	1,246	-	-	1,246
Loans to customers	11,380	-	-	11,380
Other financial assets	349	-	-	349
Total financial assets	**12,975**	**-**	**-**	**12,975**
Financial liabilities				
Loans and borrowings	11,976	769	-	12,745
Other financial liabilities	2,635	-	127	2,762
Total financial liabilities	**14,611**	**769**	**127**	**15,507**
Net liquidity position	**(1,636)**	**(769)**	**127**	**(2,532)**

'000	EUR denominated	USD denominated	Total
01-Jan-18			
Financial assets			
Cash and cash equivalents	1,330	-	1,330
Loans to customers	5,252	-	5,252
Other financial assets	79	-	79
Total financial assets	**6,661**	**-**	**6,661**
Financial liabilities			
Loans and borrowings	6,322	800	7,122
Other financial liabilities	972	-	972
Total financial liabilities	**7,294**	**800**	**8,094**
Net liquidity position	**(633)**	**(800)**	**(1,433)**

The following significant exchange rates were applied during the years referred to below:

	2019		2018	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
EUR/1 USD	1.12	1.12	1.18	1.15
EUR / 1 MXN	21.56	21.22	22.71	22.49

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Company's operations.

The Company's credit policy defines lending guidelines according to its business strategy and efficient risk management, protecting assets as well as complying with local regulatory requirements. Potential or foreseeable changes in applicable laws are analysed on an ongoing basis and any necessary modifications to the Company operations are implemented proactively.

The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

17. RELATED PARTY TRANSACTIONS

(a) Transactions with Sole Director

There were no transactions of any kind with the Sole Director for the years ended 31 December 2019 and 2018.

(b) Transactions with related parties

The related parties with whom the Company has carried out transactions during 2019 and 2018, and the nature of such relationship, are as follows

	Nature of relationship
ID Finance Investments, S.L.	Parent Company
IDF CAPITAL S.A.P.I. DE C.V., S.O.F.O.M., E.N.R.	Group company

Management costs charged by the Group's parent are based on centralized expenses incurred, which are charged to each group company based on their usage.

'000	31-Dec-19	31-Dec-18	01-Jan-18
Related party receivables	50	-	-
Related party payables	2,879	1,654	452
Loans and borrowings from related parties	4,929	7,045	5,457

In addition, amounts included in profit or loss in relation with transactions with related parties for the year ended 31 December are as follows:

'000	2019	2018
Financial expense	519	628
Operating expenses	3,261	343
Administrative expenses	1,486	444

(c) Remunerations of Sole Director and Executives Management

The Sole Director of the Company does not receive any remuneration. The Company considers Executive Management the Chief Executive Officer, who has not received any remuneration from the Company.

18. COMMITMENTS

The Company had no capital or other commitments as at 31 December 2019 and 2018.

19. GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes the realisation of assets and the settlement of liabilities in the normal course of business (see Note 22).

20. PROPOSED DISTRIBUTION OF RESULT FOR THE YEAR

The allocation of individual result of ID Finance Spain, S.L. (Sociedad Unipersonal) for the financial year ended 31 December 2019 proposed by the Sole Director, to be submitted for approval at the General Shareholder meeting, is as follows:

	'000
ID Finance Spain S.L. (Sociedad Unipersonal)	3,265
Proposed distribution	
Retained earnings from previous years	935
Reserves	2,330

21. AVERAGE PERIOD OF PAYMENT TO SUPPLIERS. THIRD ADDITIONAL PROVISION "DUTY OF INFORMATION", OF LAW 15/2012 OF 5 JULY

At 31 December 2019 and as of 31 December 2018, the Company has no pending invoices to suppliers with a postponement exceeding the established legal term.

The information on the average payment period during 2019 and 2018 is as follows:

	2019	2018
	Days	Days
Average payment period for suppliers	26	28
Ratio of paid operations	21	20
Ratio of transactions pending payment	26	28
	'000	**'000**
Total payments made	6,039	5,924
Total pending payments	470	497

22. EVENTS AFTER REPORTING DATE

On 11 March 2020, the World Health Organization raised the public health emergency caused by the outbreak of COVID-19 to an international pandemic. The rapid evolution of the facts, at national and international level, represents an unprecedented health crisis, which will impact on the macroeconomic environment and the evolution of business. In order to address this situation, among other measures, the Government of Spain has declared the state of alarm, by publishing Royal Decree 463/2020 of 14 March, and the adoption of a series of extraordinary urgent measures to deal with the economic and social impact of COVID-19, through Royal Decree-Law 8/2020 of 17 March.

The Company considers that these events do not adjust the financial statements for the year ended December 31, 2019.

Given the complexity of the situation and its rapid evolution, it is not practicable at this time to reliably make a quantified estimate of its potential impact on the Company, which, where appropriate, will be recorded prospectively in the financial statements for the 2020 financial year.

The Company is carrying out appropriate efforts to address the situation and minimize its impact, considering that this is a conjunctural situation which, in accordance with the most current estimates and the treasury position to date, does not compromise the application of the going concern principle in the preparation of these special purpose financial statements.

After 31 December 2019 and until the date of authorisation of these special purpose financial statements, there were no subsequent events other than those explained in these notes.

Boris Batine
Sole Director

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