



**PROFI CREDIT**

Profireal Group

**ANNUAL REPORT**

**2018**

**PROFI CREDIT Czech, a.s.**

## Selected Indicators of PROFIT CREDIT CZECH, a.s.

<b>Loans Provided (Production)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Number of loans provided	17 024	16 950	24 945
Nominal value of loans provided (in CZK ths)*	2 204 503	2 204 741	2 396 481
Disbursed in total (in CZK ths)	825 763	826 272	961 918
Credit for employees – share in total production	79,69 %	79,66 %	83,32 %
Loans for business persons – share in total production	20,31 %	20,34 %	16,68 %
<b>Human Resources**</b>			
Number of external credit advisors	462	654	609
Number of external collectors	49	53	57
Number of employees**	262	228	211
<b>Financial Indicators (in CZK ths)***</b>			
Total assets	3 553 554	3 783 137	4 058 533
Total revenues	1 295 488	1 414 875	1 671 194
Total costs	1 069 424	1 229 191	1 497 261
Profit before taxation	328 892	214 748	171 276
Income tax****	102 828	29 064	-2 657
Profit after taxation	226 064	185 684	173 933

\* Nominal value of a provided loan consists of the disbursed amount and future interest revenue. The value consists of the new production provided and revolving loans disbursed.

\*\* Number at the end of the year

\*\*\* Results in accordance with Czech Accounting Standards

\*\*\*\* Payable, deferred tax

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## **1. FINANCIAL GROUP PROFIREAL GROUP**

PROFIREAL Group is a multinational financial group actively operating largely on financial markets of Central and Eastern Europe. It ranks among significant providers of credits and loans in the Czech Republic, Poland, Bulgaria, Russia and, since 2017, the Philippines. PROFIREAL Group consists of two divisions. Companies of the PROFI CREDIT division operate in the world of financial credits and loans, and those of the PROFI INVESTMENT division are engaged in the development of new investment projects.

The parent company of the Group is PROFIREAL Group SE, having its registered office in the Netherlands. The Group has concerned itself with the providing of financial loans and credits since as early as 2000, when it launched the said project in the Czech Republic and Slovakia.

Over the period of pursuing its business activities, the PROFI CREDIT division has provided more than 1,954,000 loans and credits, including revolving loans. Of the overall volume of loans and credits provided, the share in the Czech Republic stands at 24.02%.

The companies of the PROFI CREDIT division continued with a high volume of credits and loans provided in 2018, and the final amount represented 132.28% of last year's figures. This result was supported by the growth of business in the Philippines. PROFI CREDIT Czech contributed to the total amount by retaining its production at the level of 99.99% of last year's figures. The nominal value of loans and credits provided in 2018 by the PROFI CREDIT division exceeded the CZK 11.8 billion mark.

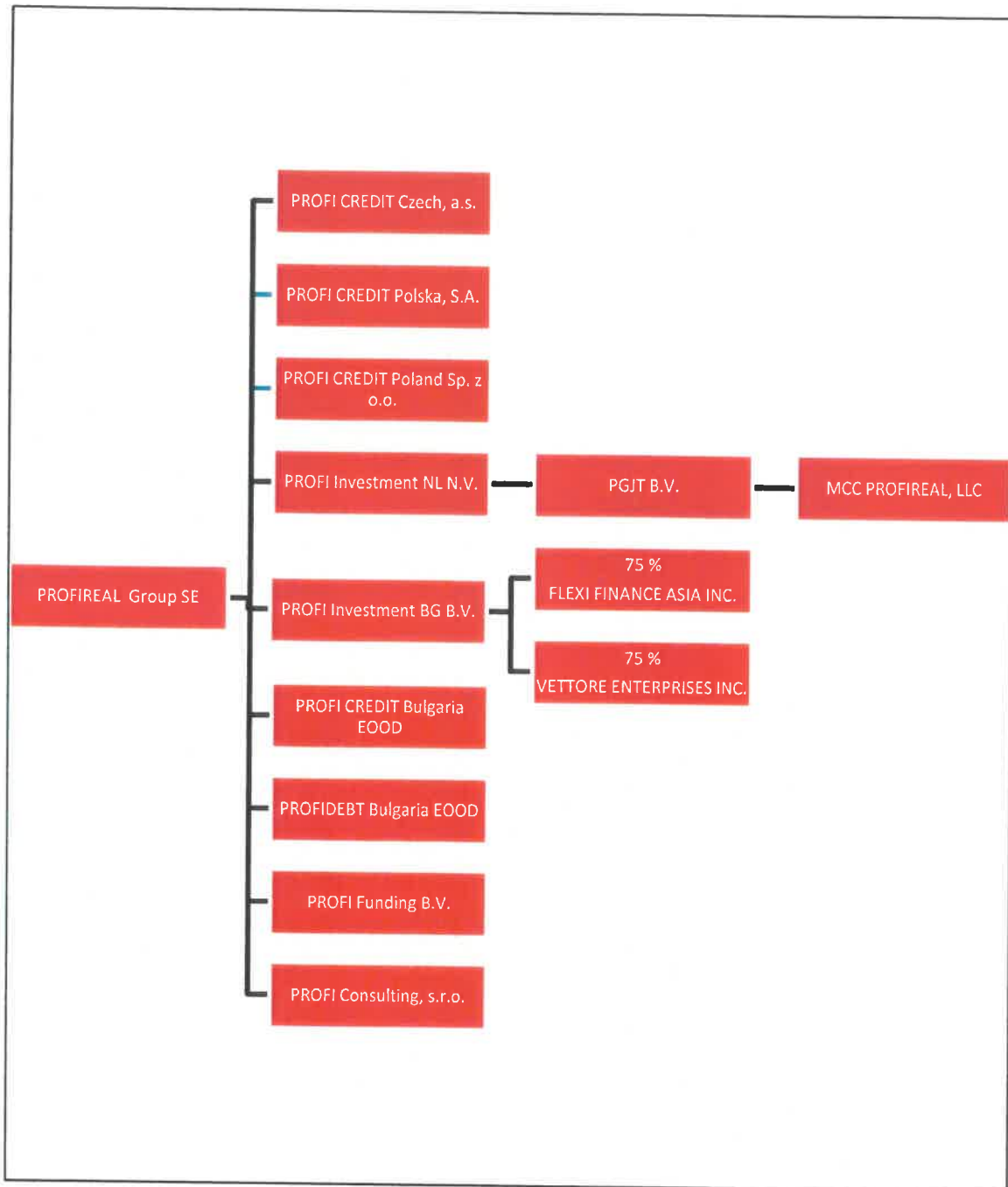
The priority of the companies of the PROFIREAL Group is the effort for further development of the business activities while maintaining the quality of its client portfolio. The Group continues to respond to the changes in the economies of the individual countries in which it is active on an operative basis and to adapt its strategy and in particular its risk management, to the current situation and legislation changes.

**PROFIREAL Group primarily focuses on countries of Central and Eastern Europe**



The main activity of the PROFI INVESTMENT division consists in identifying investment opportunities and interesting projects with an international overlap and also with local ambitions. Not only does the Company invest its capital in projects that have operated on the market for some time, are well established and which need a partner to provide a strong source of capital for their further development, but it also offers capital participation to new, emerging projects.

**Organisational structure of the PROFIREAL Group**



## **2. A WORD OF INTRODUCTION FROM THE CHIEF EXECUTIVE**

Ladies and gentlemen,

Allow me to briefly describe 2018 in terms of the main events in our Company.

Essentially from the beginning of the year we have been able to notice signs of the gradual slowing down of the growth of Czech economy. We therefore consider it a success that we managed to maintain production at a level comparable to 2017. Most entities that had not exited the market due to changes in legislation and licencing by the Czech National Bank had to face a decline.

The end of the first quarter of 2018 in PROFIT CREDIT Czech, a. s. was connected with obtaining certification for providing consumer loans. Following the licence from the Czech National Bank, all our tied agents had to obtain the certification for loan brokers. In this respect, our 82% success rate for first attempts at the EFPA association is high above the market average. A big challenge for 2018 was definitely the restructuring of the sales network. We were able to streamline management structures by reducing the number of regional head offices from six to only three. The positive impact of this change was, among other things, the increase in production towards the end of 2018.

What I also perceive as very positive is the ability of PROFIT CREDIT Czech, a. s. to follow current trends in technologies and on the finance market. In 2018, we were able to successfully launch a new product called "Razdva půjčka", where the entire process from arranging the loan to the pay-out takes place online. Razdva půjčka is presented as a separate brand and significantly increases our competitiveness. In 2019 we want to continue strengthening our position on the online market. We take the development of modern technologies into account also with respect to other products. We have started concluding contracts biometrically, so that up to 60% of production is performed without the need to print anything. We know that aside from environmental impacts this trend also helps speed up processes and decrease the error rate and so we want to conclude 100% of contracts biometrically as soon as the second half of 2019.

In terms of corporate social responsibility activities, the Company implemented the project “For More Smiles”, the successor of the “Children’s Smile with PROFI CREDIT” programme. We selected several talented physically or socially handicapped individuals whom we will support in the coming periods on their journey to fulfilling their dreams. Through major projects, of which support was given, for example, to “Salty Children – The Club of Cystic Fibrosis Patients” or the Markéta Private Children’s Home, we seek to help children that need it most. From the employees’ perspective, I see the “Baking for a Good Cause” programme, where employees themselves decide who will received the raised funds, as enjoying a special place.

2019 will be no less important for our company. We will maintain the established trends and bring new possibilities of business cooperation and new products thanks to new technologies and the development on the financial market. I can already mention the introduction of the insurance of the ability to pay in the second quarter and the planned Online Affiliate Platform, which will unify the process across countries where PROFIREAL Group SE operates and bring a new modern environment for cooperation with our business partners.

In conclusion, allow me to thank all business partners of our company for cooperation in the previous period. I would also like to take this opportunity and extend my thanks to all employees of PROFI CREDIT Czech, a.s.



Ing. Pavel Klema

CEO, Member of the Board of Directors of PROFI CREDIT Czech, a.s.



### **3. CHARACTERISTICS OF PROFI CREDIT CZECH, A.S.**

#### **3.1. Bodies of the Company**

##### **Board of Directors**



**Ing. David Chour**

Chairman of the Board of Directors

Mr Chour graduated from the Faculty of Economics and Administration, University of Pardubice. He joined the Company in 2000, when he began to work as a financial analyst while still a university student. He became the Head of the Debt Administration Section in 2001 and then the Economic Director at the Company. He became a member of the Board of Directors of the PROFI CREDIT Czech, a. s. in July 2001. He currently holds the position of General Manager and Chairman of the Board of Directors of PROFIREAL Group SE.



**Jaroslaw Chęcinski, MBA**

Member of the Board of Directors

He graduated in European Studies at the University of Cambridge and obtained a MBA at Drexler University in Philadelphia. He held advisory positions abroad and worked in the management of companies such as Accenture, PwC or Alltel Communications. He had been the general manager of PROFI CREDIT Polska since 2011 and a successful customer project created under his management launched the creation of additional programmes in other countries of PROFIREAL Group SE. At present, he is the Chief Executive Officer of Global Section.



**Ing. Pavel Klema**

Member of the Board of Directors

After graduating from Brno University of Technology, he started his career in PROFIT CREDIT. Over the course of two years he rose to the position of director of one of the sections for the entire Central Europe. Subsequently he worked as a director of the receivables department in Air Bank for almost three years and he managed the internal processes in the collection agency EOS-KSI for two years. He has more than ten years of experience with managerial positions in the financial sector. After several years he returned and now he is the managing director of PROFIT CREDIT Czech a.s.



**Ing. Marek Štejnár**

Member of the Board of Directors

After graduating from the Faculty of Electrical Engineering at the Czech Technical University in Prague, from which he was awarded an Engineer's degree, Mr Štejnár went on to take up more studies and obtained the MBA and LL.M. degrees. Prior to joining PROFIT CREDIT Czech, a. s. in 2013, he had worked at Cofidis for several years, where he held the position of Legal & Financial Director. At present, he holds the office of Global Chief Financial Officer. He speaks English, French, German and a bit of Russian.

**Supervisory Board Profi Credit Czech, a.s.**

Ing. Zdeněk Lhotský, MBA - Chairman of the Supervisory Board

Ing. Miroslava Oravcová - Member of the Supervisory Board

Ing. Aleš Oborník - Member of the Supervisory Board

**Members of management of Business Unit PROFÍ CREDIT Czech, a.s.**

Ing. Lukáš Nový – Head of Financial Department

Ing. Martin Procházka – Head of Sales Department

Dip.Mgmt. Martin Kašpar – Head of Marketing Department

Ing. Martina Pechánková – Head of Audit Department

Ing. Dita Novotná – Head of Collections Department

Mgr. Tomáš Hruška – Head of Operations Department

Bc. Lenka Krajhanzlová – Head of HR Department

Ing. Martin Horký – Head of IT Department

František Kolínský – Head of Risk Department

**Members of management of Advisory Unit PROFÍ CREDIT Czech, a.s.**

Ing. Mojmír Švejda – Global Chief Operations Officer

Ing. Ondřej Sotona – Global Chief IT Officer

Ing. Marek Štejnár, MBA – Global Chief Financial Officer

Ing. Aleš Oborník – Global Chief Collections Officer

Bc. Petr Florián – Global Chief HR Officer

Ing. Ondřej Lokvenc – Global Chief Marketing Officer

David Staněk – Global Chief Sales Officer

Ing. Štěpán Onder – Global Chief Risk Officer

Ing. Zdeněk Lhotský, MBA – Strategic Development Manager

Ing. František Tesař – Special Project Manager

### 3.2. Company introduction

PROFI CREDIT Czech, a.s. was founded in 1994 under the trade name PROFIREAL, a. s. The Company's trade name and product brands were changed in February 2008. In 2018, Pavel Klema was appointed the new CEO.

The Company primarily specialised in real estate and purchase and administration of debts. PROFI CREDIT Czech, a.s. has been involved in the non-banking financial sector since 2000, when it began providing loans to individuals - natural persons not conducting business (employees, pensioners). The Company now has a broad portfolio of products intended for natural persons and legal persons alike, both online and offline, and it is a prominent provider of financial loan services.

PROFI CREDIT Czech, a.s. is part of the multinational PROFIREAL Group SE financial group, with its headquarters in the Netherlands. The Company began expanding into other European markets at the end of the year 2000 by moving into Slovakia. The subsidiary here, PROFI CREDIT Slovakia, s.r.o., used the know-how of the parent company and very quickly made a mark on the new market. Further expansion followed in 2004, when a subsidiary was set up in Poland. The Company then moved into the Bulgarian market in November 2006, and a new company was established in Russia in July 2013. In 2017, the Company expanded to South-East Asia, specifically the Philippines, where it entered as a majority shareholder in the repayment company Flexi Finance and it recorded a significant growth in the volume of sales in this area in 2018.

The basic philosophy at PROFI CREDIT is to provide a personal approach. Products are offered by way of direct sales through a network of loan advisors who help clients choose the right product according to their individual needs and financial situation. In 2018, the Company experienced two milestones. The first was the completion of the process for obtaining a licence from the Czech National Bank for the provision of non-bank consumer loans. The national bank thus confirmed that PROFI CREDIT Czech, a. s. fully meets the demanding legislative requirements that regulate the operation of non-bank loan providers. The second milestone was the introduction of *Razdva půjčka*, a new product which is arranged completely online and thus significantly decreases the time from the filing of the application until the pay-out of money. PROFI CREDIT thus reacts to the current trends and continues to improve the services provided to its clients.

### 3.3. Product range

PROFI CREDIT provides loans to individuals and corporate entities. Similarly to previous years, in 2018 the Company continued to offer a consumer loan in the retail segment under the name of Personal Loan. No changes occurred in the business segment in 2018 and the offer for businesses included the popular business loans ProFi MINI, ProFi MINI+ and ProFi BONUS.

The Personal Loan is a consumer product not tied to any specific purpose. The business loans do have a specific purpose. Loans are paid out to clients without any fees for approval and set-up. The financial performance from an approved loan is sent to the client's account by cashless transfer. Our products boast of advantages in the form their accessibility and speed of provision.

**The Personal Loan** is intended for all clients who have regular income. The amount of these loans ranges from CZK 10,000 to CZK 166,000. Clients can take out the loan with a maturity between 12 and 60 months and the loan is not tied to any specific purpose. Clients can therefore use the Personal Loan for anything – such as renovation or furnishing of their apartment, to buy a car, electronic appliances and the like. Since 2015, we have been providing a motivational bonus for orderly repayments of the Personal Loan, i.e. a reward for clients with good payment discipline. In 2018, we followed this positive experience with additional values added to the Personal Loan and we offered our clients seasonal special offers with the possibility to obtain interesting rewards.

For clients from the business sphere, we have an established business product line for natural and legal persons in the territory of the Czech Republic.

**The ProFi MINI and ProFi MINI+ loans** are intended chiefly for small-scale businesses and self-employed individuals (natural persons and legal entities) to address their immediate financial needs. This is a short-term loan which allows the client to obtain amounts ranging from CZK 15,000 to CZK 75,000 with the repayment period from 3 to 36 months. The basic criterion for determining if the applicant will be provided the loan is information from accessible registers (both public and paid registers) and the loan amount depends on the duration of the business and the applicant's age.

The ProFi BONUS loan's higher limits of the amount paid out make it suitable for modernisation of establishments, procurement of equipment, machinery and various facilities for business activities. Like the ProFi MINI and ProFi MINI+ products, it is tied to a specific purpose. ProFi BONUS allows clients to apply for CZK 30,000 – CZK 250,000, with the repayment period of 12 – 60 months. In order to motivate businesses to maintain good payment discipline, we also introduced a bonus for orderly repayments for this main business loan.

A new item in the product portfolio of 2018 is the “Raz Dva půjčka”. It is a consumer loan not tied to any specific purpose which is arranged completely online. Thanks to Raz Dva půjčka, the client is able to take out a loan from CZK 5,000 to CZK 100, 000 with maturity of 3 to 48 months.

Loyalty and good payment discipline are key for the Company. For this reason, the **Good Client Club** has been in operation since 2018. The clients that repay their loans properly receive a variety of advantages, such as cheaper loans and faster processing of their requests. We are delighted to see that the number of members also increased in 2018. We will continue working with the Good Client Club and in late 2018 we started the process of further increasing the attractiveness of the loyalty programme.

We assess solvency of clients by means of accessible registers administered by the public sector of the Czech Republic, SOLUS, CNCB registers and, as a result, our response to the financial and loan burden of citizens of the Czech Republic is more responsible.

The Company regularly receives feedback on its offered products and services from its customers and it has market research carried out. In line with customer and market needs, it prepares not only new products and services for the next period, but also new distribution options.

### **3.4. Commercial results**

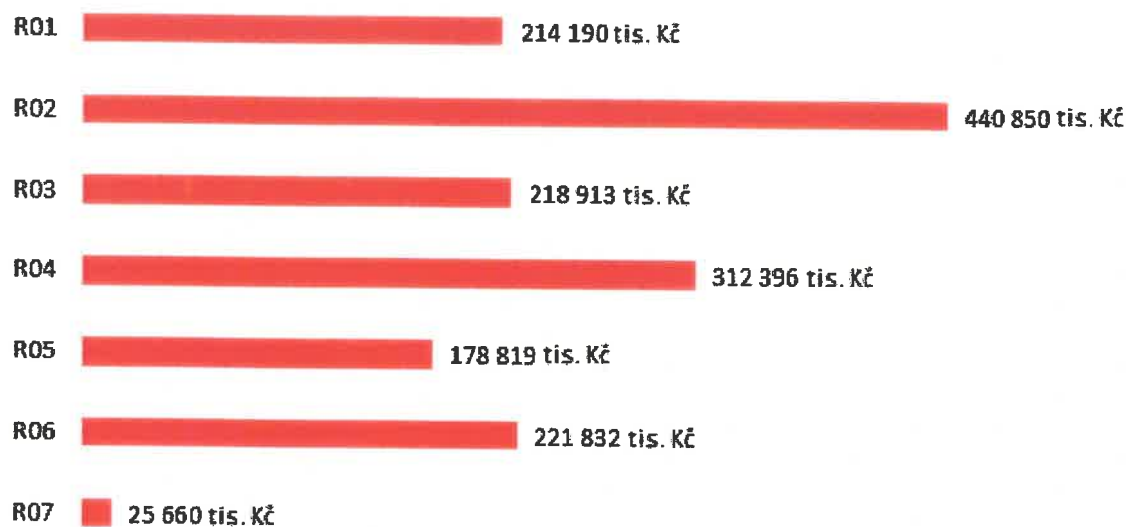
PROFI CREDIT Czech, a.s., which has provided non-banking loans and credits on the Czech market since 2000, provided loans of a total value of nearly CZK 2.2 billion in 2018. The Personal Loan was our best-selling product like in previous years, but products for the business sector also represent a significant share of total production. During its time on the Czech market, PROFIT CREDIT Czech, a.s. has provided a nominal value of newly-provided loans of CZK 25.56 billion.

In the period of January – September 2018, the sales network was divided into the original six regions – Pardubice (R01), Prague (R02), Brno (R03), Ostrava (R04), Mladá Boleslav (R05), České Budějovice (R06).

After the reorganisation, the sales network has been divided into three regions since 1 October 2018. The most successful region in this starting period was North (R91), providing loans in the territory of the Capital City of Prague, the Ústí nad Labem, Liberec, Hradec Králové and Pardubice Region and part of the Central Bohemian Region, with production of CZK 237,487 thousand. Second place was taken by the East region (R92), composed of the Moravian-Silesian, Olomouc, South Moravian and Zlín Regions, which achieved a result of CZK 188,756 thousand. The last of the newly created regions with production of CZK 157,884 in the last quarter was the West region (R93), composed of the Karlovy Vary, Plzeň, South Bohemian and Vysočina Regions and part of the Central Bohemian region.

**Total production for individual regions in 2018****Total CZK 2.2 billion**

January – September 2018 (in CZK thousand)



October – December 2018 (in CZK thousand)





### **3.5. Commercial outlook**

In the past year, we paid increased attention to the correct implementation of several legislative requirements in our company processes. Measures related to the GDPR came into force and all traders providing consumer loans had to pass the Czech National Bank's exam by the end of the year. The entire sales network also underwent extensive restructuring that brought changes in the division of the individual regions as well as area groups.

Therefore, since the beginning of the year our main goal has been the stability of the sales network – traders as well area groups. We will also target the expansion of the product portfolio and the sale of loans via larger independent entities.

We focus on offering products that are more favourable, quicker and easier to obtain for our clients and loan advisors.

### **3.6. Commercial network**

PROFI CREDIT Czech, a.s. offers its clients a genuine personal approach. Accordingly, it sells its products directly through a network of external colleagues – loan advisors and partner companies. A quality commercial network is the foundation on which the Company's success is built and PROFIT CREDIT therefore places great importance on the development of the commercial network.

In 2018, all traders at the positions of tied agents and their line managers had to pass the exam of the Czech National Bank because the certificate issued after a successful attempt is a necessary condition for further cooperation.

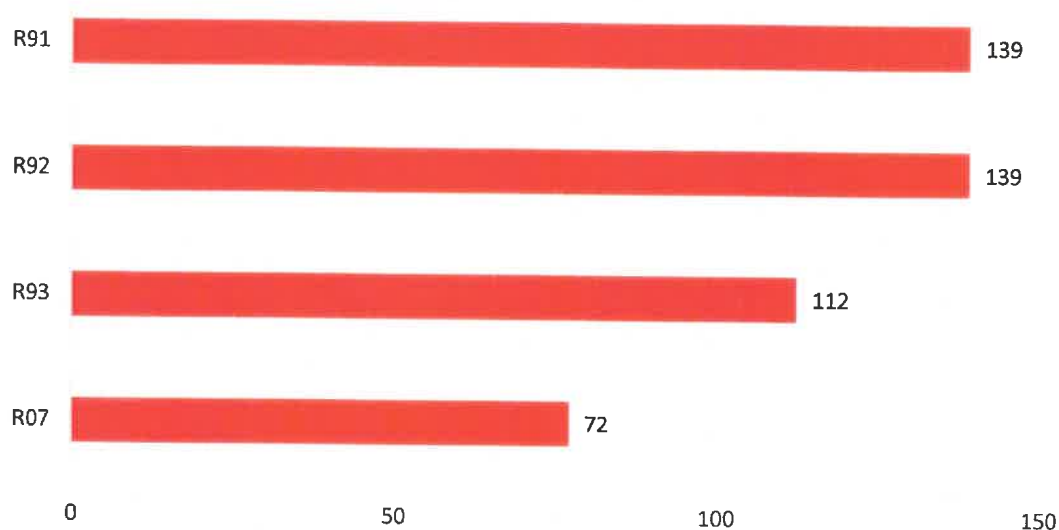
We also developed a system for recruiting loan advisors under which even applicants who have not passed the exam yet can join us. Our trainers will help them prepare for the examination.

The Company operates 50 offices across the Czech Republic, providing adequate capacities to provide service to clients anywhere in the country. The mobile network of loan advisors ensures contact with the client and provides consistent client care, i.e. from the presentation of a full offering of services to the client, signing a loan contract, to the repayment of the loan.

The commercial network in the Czech Republic is divided into three regions: North (R91), East (R92), West (R93). Each region has its own head office, which, in addition to providing the administrative background for commercial group managers and loan advisors, also serves as commercial and information points for our clients.

The relevant country managers are responsible for production volume and quality, and for the recruitment and adaptation of new loan advisors in their respective regions. Each region is further divided into several micro-districts, where responsibility for these rests with the competent area managers. In late 2018, the commercial network was reorganised with the aim of increasing the efficiency and effectiveness of management and business performance.

**Total number of loan advisors by region as of 31 December 2018 – 462 advisors**



At present, loan advisors include tied agents, business loan brokers and independent brokers. Due to the obligatory certification preceded by the completion of the Czech National Bank's exam, the number of tied agents affected by this measure decreased last year. Not every existing loan advisor wanted to go through the exam preparation and not everyone passed. At the end of the year, our network was composed of 462 loan advisors.

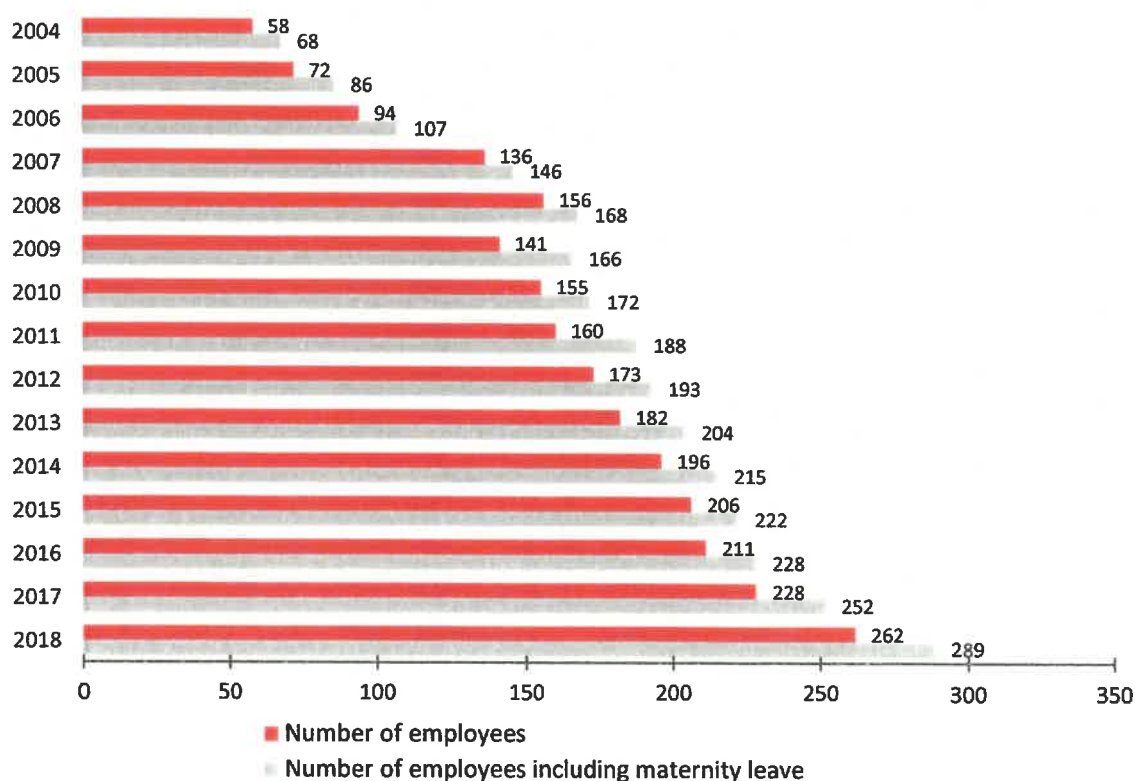
### 3.7. Employees

The Company makes long-term efforts to follow the interests and needs of its employees and in the course of 2018 it therefore started working on actions arising from a satisfaction survey with the objective of building positive corporate culture, and it used a newly established motivation programme to give employees of all positions to affect what happens in the Company. The Company also continues to give opportunities for development to young talented students as part of the innovated Junior Trainee Programme, whose long-term goal is to create suitable environment for starting the students' career in our company.

The Company made changes in the organisational structure of the commercial department. The second half of 2018 saw changes in the organisation of regions as well as the individual teams in the Company's head office. The result of this extensive change was the inclusion of a separate Call Centre department including Telesales under the business director and restructuring of the supporting commercial team.

Aside from personnel changes, regional maps were amended and the total number of regions decreased from six to three (divided into North, West and East). As a result, the number of regional head offices and micro-regions also decreased.

#### The number of employees at PROFIT CREDIT Czech a.s. in 2018



During the year, new Marketing positions were created, among other things, and as a result the division was divided into several smaller departments specialised on the individual marketing areas. The largest role in the increase in the number of employees was played by the aforementioned reorganisation of the commercial network and Sales Department, which led to the creation of 22 new positions. The global section was also enhanced by the arrival of new colleagues. The increase in the number of employees is expected to continue in 2019.

### **3.8. Sponsorship**

PROFI CREDIT Czech, a.s. is a socially responsible company. For this reason, it cares about helping people in need and its CSR activities are an integral part of the Company's philosophy. PROFIT CREDIT helps especially in the social sphere, where it engages in help and support, both through financial support and material donations as well as on the personal level.

In 2018, the Company further developed the CSR project **For More Smiles** (formerly called Children's Smile with PROFIT CREDIT), which focuses on helping the most vulnerable population group, socially disadvantaged or disabled people. The Company selects projects, organisations or individuals based on ethical and social aspects.

The Company's employees take part in CSR out of their own initiative. Project Baking for a Good Cause has been running since March 2016. As part of this project, employees of the individual departments prepare breakfast for the other colleagues every month. Then they pay a voluntary contribution for the breakfast and the amount collected is then used to support an individual, group or organisation of their choice. Since the launch, we have collected almost CZK 300,000. The current maximum of CZK 130,000 was reached in 2018.

**Primary projects continuously supported in 2018:****Private children's home Markéta**

The private children's home Markéta is no longer "just" an organisation we support. In more than 10 years of PROFÍ CREDIT Czech, a.s.'s support of the children's home it has become an integral part of the Company. It is a private establishment with strong family ties to the Ochs (husband and wife), who provide loving care to ten children. They take an individual approach to the needs of each child. But even children who have reached majority find their place here, sometimes even with their own families. The home is supported by the Company not only with financial donations (CZK 100,000 each year) but also active participation of our employees in children's day or collections to cover the needs of the home. In addition, all members of the Home's family are always welcome to the Company's events.

**Club of Cystic Fibrosis Patients**

The Club of Cystic Fibrosis Patients aims to improve the quality of the patients' lives and to simplify the provision of care for their families and loved ones. The Company has been supporting it since 2013. In 2018, the Company donated CZK 500,000 to the organisation in support of its activities and patients.

The Company's employees also take active part in various activities in this areas. As part of the nationwide event "Toy Windmill Day", they created toy windmills for the "salty" children, which were sent to the organisation and serve as gifts for its partners and promotion. The employees including a representative of the Company's management also attended the launch of the second issue of the "salty women" calendar, which is composed of photographs of cystic fibrosis patients photographed by Robert Vano. A matter of course is support of individual events, during which promotional items and T-shirts are regularly donated to the organisation.

**Rebeka Čiháková Endowment Fund**

The Company also provides financial support to the endowment fund for helping little Rebeka Čiháková, who is affected by epidermolysis bullosa ("butterfly wings' disease"). We tried to make every-day dressing changes, treatment and life in general easier for Rebeka's family by providing them with CZK 50,000, but our help also includes, for example, personal participation in concerts or runs devoted to little Rebeka.

### **Martin Zvolánek**

For several years the Company has also been supporting the Paralympian Martin Zvolánek, who represented the Czech Republic in club throw at the 2016 Paralympic Games in Rio de Janeiro and he has been diligently preparing for his participation in the next Paralympics in Tokyo in 2020. He has already represented our country at three Paralympics. He even won valuable medals: silver and bronze in table tennis in Sydney in 2000 and eight years later gold in disc throw at the Paralympics in Beijing. Martin and his family take an active part in our company events such as the Toy Windmill Day, St Nicholas' present for children of employees or the launch party of the Salty Women 2019 calendar. In addition, he has become the ambassador of the CSR project For More Smiles.

### **Velká pardubická**

Activities of responsible companies no doubt include unique events. In October, we therefore sponsored the most important event of the horse-racing season – the 128<sup>th</sup> annual Velká pardubická race. The Popler Memorial of the PROFIREAL Group was the penultimate horse race immediately preceding Velká pardubická itself. The race intended for horses aged five years or more is the pinnacle of the season for short cross-country. The 3,300-metre long horse race was funded by PROFIREAL Group in the amount of CZK 300,000. The winner of this year's seventh Velká pardubická race was the former outsider of the race Tiara Man with jockey Sertash Ferhanov in the saddle.

### **Children's Innogy Super Day**

The largest children's day in the Pardubice Region, which is annually held at the racecourse, is supported by PROFI CREDIT Czech, a. s. not only financially, but also materially in the form of rewards for the public. The Company also has a stall with attractions for children at the event. A limited number of free tickets are available for the Company's employees.

### **J&T Banka Prague Open**

PROFI CREDIT has been supporting the largest Czech tennis tournament, J&T Banka Prague Open, for several years. Thanks to the financial support of the tournament and TK Sparta Praha tennis club, the Company's employees and business partners can use a limited number of free tickets. The Company is presented for example during Moravia Steel Sparta Cup ITF 18&U, Sparta Cup Tennis Europe Junior Tour and many others.

### **For More Smiles**

Before Christmas 2017, the Company launched the CSR project “For More Smiles”, whose aim is to help granting the wishes of ill, disabled or socially deprived people. The families of these individuals often face a lack of funds for the necessary equipment. In early 2018, the Company granted the wishes of seven children. The delight of their families and their own gave us a clear sign that it is necessary to continue this activity. In late 2018, we therefore announced the second year of the For More Smiles project, in which we support the development of talented people with health, social or ethnic disadvantages. This time it was not one-time help, but the Company will continue to support five selected individuals in the long term. The Company anticipates increasing the number of supported people in the coming years.

#### **4. REPORT OF THE BOARD OF DIRECTORS**

**Report of the Board of Directors on the balance of assets for 2018, annual financial statements for 2018 and proposal for distribution of profit of PROFIT CREDIT Czech, a.s. for 2018.**

**Dated: 16 April 2019**

**Prepared by: Ing. Pavel Klema CEO BS, PROFIT CREDIT Czech, a.s.**

This Report is submitted to the sole shareholder upon exercise of powers of the General Meeting by the Board of Directors of PROFIT CREDIT Czech, a.s., a company established on 5 December 1994, with its registered office at Klimentská 1216/46, 110 00 Prague 1. In 2018, the Company's main scope of business was the provision of credits and loans.

The total assets of the Company achieved the value of CZK 3,553,554 thousand for the reporting period of 2018. The share of current assets was 98% and their total volume reached CZK 3,468,226 thousand in 2018, while trade receivables amounted to CZK 3,359,981 thousand. The proportion of fixed assets to the Company's total assets stood at 1% and their total amount in 2018 was CZK 50,632 thousand.

The Company's liabilities (external resource) reached CZK 1,887,379 thousand, of which long-term loans and borrowings amounted to CZK 216,848 thousand.

The main components of the Company's total revenues, reaching the amount of CZK 1,295,488 thousand in 2018, were represented by financial revenues from provided loans and credits in the amount of CZK 829,881 thousand, contractual penalties, fines and interest on overdue payment of CZK 181,362 thousand, other operating revenues (court fees, fees for legal representation, etc.) of CZK 43,789 thousand.

Costs in 2018 reached the total amount of CZK 1,069,424 thousand, with the main cost items represented by interest on loans of CZK 103,540 thousand, receivables written off due to ineffective distraints and results of insolvency proceedings of CZK 338,999 thousand, costs related to commissions paid to external loan and debt-collecting workers of CZK 146,424 thousand and wage costs of CZK 173,192 thousand.



As of 31 December 2018, the Company reported the accounting economic result before tax in the amount of CZK 328,892 thousand. After including deferred tax (CZK 340 thousand) and tax liabilities, the Company earned a profit in 2018 in the amount of CZK 226,064 thousand. When taking into account the adjustments related to taxable and deductible items, the income tax base for the relevant reporting period reached CZK 638,057 thousand. Tax liabilities for 2018, including the withholding tax, amount to CZK 102,488 thousand.

In accordance with the business plan, PROFIT CREDIT Czech, a.s. achieved accounting profit in 2018. The Company's net accounting profit in 2018 is CZK 226,064 thousand. In compliance with the Company's Articles of Association, it is proposed to pay it out as dividend in full.

Economic results with a detailed break-down are contained in the statements attached herein below:

- Full balance sheet;
- Full profit and loss account;
- Cash flow statement;
- Notes to the financial statements; and
- Report on relations between related parties.



Ing. David Chour

Chairman of the Board of Directors



Ing. Pavel Klema

Member of the Board of Directors

## **5. FINAL REPORT OF THE SUPERVISORY BOARD**

### **Final Report of the Supervisory Board of PROFIT CREDIT CZECH, a.s. for consideration of the General Meeting of the Company.**

At its session held on 16 April 2019, the Supervisory Board of PROFIT CREDIT Czech, a.s., discussed documents related to the Company's economic result submitted by the Board of Directors for the reporting period and tax period 2018, that is:

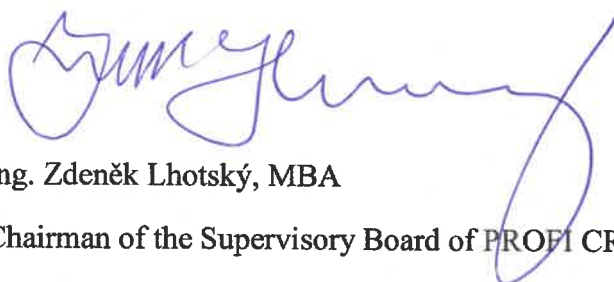
1. Financial statements of the Company for 2018;
2. Report of the Board of Directors on business activities of the Company for 2018;
3. Report of the Board of Directors on the Company's assets, financial statements and proposal for profit distribution for 2018;
4. Draft of the Independent Auditor's Report on the financial statements as of 31 December 2018; and
5. Report on relations between related parties for 2018.

In accordance with the provisions of Section 447 of the Act on Business Corporations and Cooperatives, the Supervisory Board reviews, inter alia, the ordinary financial statements and the proposal of the Board of Directors for profit distribution or loss settlement and submits its opinion to the General Meeting. The ordinary financial statements of PROFIT CREDIT Czech, a.s. for 2018 were audited by the auditing company Deloitte Audit s.r.o. with its registered office at Italská 2581/67, Vinohrady, 120 00 Prague 2. The auditing company also reviewed the correctness of data specified in the Report on relations between related parties.

The Company's economic results for 2018 represent a profit in the amount of CZK 226,064 thousand. In compliance with the Company's Articles of Association, it is proposed to pay it out as dividend in full.

The Supervisory Board considered the economic result for 2018, acknowledged the content of the Auditor's Report on the ordinary financial statements, discussed and reviewed the ordinary financial statements for 2018, discussed and reviewed the proposal of the Board of Directors for distribution of the Company's profit and reviewed and granted its consent as regards the Report on relations between related parties according to **Section 82 of Act No. 90/2012**. The Supervisory Board states that the financial statements were prepared on grounds of a duly conducted bookkeeping and that the proposal of the Board of Directors on profit distribution complies with legal regulations.

The Supervisory Board recommends that the General Meeting approve the Company's ordinary financial statements for 2018, the aforementioned proposal of the Board of Directors for distribution of the Company's profit for 2018 and the Report on relations between related parties for 2018.



Ing. Zdeněk Lhotský, MBA

Chairman of the Supervisory Board of PROFÍ CREDIT Czech, a.s.

## **6. INDEPENDENT AUDITOR'S REPORT**

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholder of PROFI CREDIT Czech, a.s.**

Having its registered office at: Klimentská 1216/46, Nové Město, 110 00 Praha 1

#### Opinion

We have audited the accompanying financial statements of PROFÍ CREDIT Czech, a.s. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the balance sheet as of 31 December 2018, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PROFÍ CREDIT Czech, a.s. as of 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

#### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation 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 Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

## Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

## 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 the above law or regulation, 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the Board of Directors and the Supervisory Board 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.

In Prague on 18 April 2019

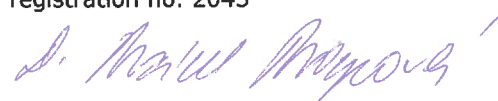
Audit firm:

Deloitte Audit s.r.o.  
registration no. 079



Statutory auditor:

Diana Rádl Rogerová  
registration no. 2045




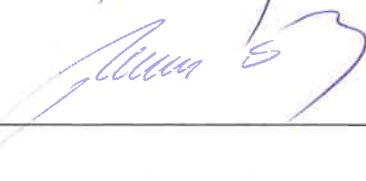
**7. FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2018**

**Name of the Company:** PROFI CREDIT Czech, a.s.  
**Registered Office:** Klimentská 1216/46, Nové Město, 110 00 Prague 1  
**Legal Status:** Joint Stock Company  
**Corporate ID:** 618 60 069

**Components of the Financial Statements:**

**Balance Sheet**  
**Profit and Loss Account**  
**Statement of Changes in Equity**  
**Cash Flow Statement**  
**Notes to the Financial Statements**

**These financial statements were prepared on 16 April 2019.**

<b>Statutory body of the reporting entity:</b>	<b>Signature</b>
Ing. Pavel Klema	
Ing. Marek Štejnár	

## 7.1. Full Balance Sheet as of 31 December 2018 (in CZK thousand)

	31 December 2018		31 December	
	Gross	Adjustment	Net	Net
<b>TOTAL ASSETS</b>	<b>8 959 335</b>	<b>5 405 781</b>	<b>3 553 554</b>	<b>3 783 137</b>
<b>B. Fixed assets</b>	<b>127 770</b>	<b>77 138</b>	<b>50 632</b>	<b>46 880</b>
<i>B.I. Intangible fixed assets</i>	<i>41 814</i>	<i>29 768</i>	<i>12 046</i>	<i>9 797</i>
B.I.1. Development	4 493	4 493	0	1 170
B.I.2. Valuable rights	31 917	22 481	9 436	3 646
B.I.2.1. Software	31 917	22 481	9 436	3 646
B.I.4. Other intangible fixed assets	3 541	2 794	747	1 398
B.I.5. Prepayments for intangible fixed assets and	1 863	0	1 863	3 583
B.I.5.2. Intangible fixed assets under construction	1 863	0	1 863	3 583
<i>B.II. Tangible fixed assets</i>	<i>85 776</i>	<i>47 370</i>	<i>38 406</i>	<i>36 903</i>
<i>B.II.1. Land and structures</i>	<i>52 821</i>	<i>24 754</i>	<i>28 067</i>	<i>28 031</i>
B.II.1.1. Land	2 635	0	2 635	2 635
B.II.1.2. Structures	50 186	24 754	25 432	25 396
B.II.2. Tangible movable assets and sets of tangible	31 477	22 616	8 861	6 263
B.II.5. Prepayments for tangible fixed assets and	1 478	0	1 478	2 609
B.II.5.2. Tangible fixed assets under construction	1 478	0	1 478	2 609
<i>B.III. Non-current financial assets</i>	<i>180</i>	<i>0</i>	<i>180</i>	<i>180</i>
B.III.6. Loans and borrowings - other	180	0	180	180
<b>C. Current assets</b>	<b>8 796 869</b>	<b>5 328 643</b>	<b>3 468 226</b>	<b>3 690 949</b>
<i>C.I. Inventories</i>	<i>1 207</i>	<i>0</i>	<i>1 207</i>	<i>840</i>
<i>C.I.3. Products and goods</i>	<i>1 207</i>	<i>0</i>	<i>1 207</i>	<i>840</i>
C.I.3.2. Goods	1 207	0	1 207	840
<i>C.II. Receivables</i>	<i>8 765 107</i>	<i>5 328 643</i>	<i>3 436 464</i>	<i>3 641 698</i>
C.II.1. Long-term receivables	767 993	27 703	740 290	754 219
C.II.1.1. Trade receivables	767 993	27 703	740 290	754 219
C.II.2. Short-term receivables	7 997 114	5 300 940	2 696 174	2 887 479
C.II.2.1. Trade receivables	7 920 631	5 300 940	2 619 691	2 829 676
C.II.2.2. Receivables - controlled or controlling entity	17 206	0	17 206	15 832
C.II.2.4. Receivables - other	59 277	0	59 277	41 971
C.II.2.4.3. State - tax receivables	45 411	0	45 411	32 144
C.II.2.4.4. Short-term prepayments made	8 378	0	8 378	9 567
C.II.2.4.5. Estimated receivables	3 027	0	3 027	139
C.II.2.4.6. Sundry receivables	2 461	0	2 461	121
<i>C.IV. Cash</i>	<i>30 555</i>	<i>0</i>	<i>30 555</i>	<i>48 411</i>
C.IV.1. Cash on hand	1 011	0	1 011	641
C.IV.2. Cash at bank	29 544	0	29 544	47 770
<b>D. Other assets</b>	<b>34 696</b>	<b>0</b>	<b>34 696</b>	<b>45 308</b>
D.1. Deferred expenses	31 164	0	31 164	41 806
D.3. Accrued income	3 532	0	3 532	3 502



<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>31 December 2018</b>	<b>31 December 2017</b>
<b>A.</b>	<b>Equity</b>	<b>3 553 554</b>	<b>3 783 137</b>
<b>A.I.</b>	<b>Share capital</b>	<b>1 645 472</b>	<b>1 669 408</b>
A.I.1.	Share capital	232 650	232 650
<b>A.IV.</b>	<b>Retained earnings (+/-)</b>	232 650	232 650
A.IV.1.	Accumulated profits brought forward	1 186 758	1 251 074
A.IV.3.	Other profit or loss from prior years (+/-)	1 186 758	1 251 074
<b>A.V.</b>	<b>Profit or loss for the current period (+/-)</b>	<b>0</b>	<b>0</b>
<b>B.+C.</b>	<b>Liabilities</b>	<b>226 064</b>	<b>185 684</b>
<b>B.</b>	<b>Reserves</b>	<b>1 887 379</b>	<b>2 081 261</b>
B.II.	Income tax reserve	142 883	105 597
B.IV.	Other reserves	102 363	78 472
<b>C.</b>	<b>Payables</b>	<b>40 520</b>	<b>27 125</b>
<b>C.I.</b>	<b>Long-term payables</b>	<b>1 744 496</b>	<b>1 975 664</b>
C.I.1.	Bonds issued	1 288 349	1 428 796
C.I.1.2.	Other bonds	909 220	687 650
C.I.2.	Payables to credit institutions	909 220	687 650
C.I.4.	Trade payables	29 667	21 778
C.I.6.	Payables - controlled or controlling entity	63 522	67 903
C.I.8.	Deferred tax liability	67 000	371 000
C.I.9.	Other payables	98 759	98 418
C.I.9.3.	Sundry payables	120 181	182 047
<b>C.II.</b>	<b>Short-term payables</b>	120 181	182 047
C.II.2.	Payables to credit institutions	456 147	546 868
C.II.3.	Short-term prepayments received	129 293	68 754
C.II.4.	Trade payables	0	0
C.II.6.	Payables - controlled or controlling entity	84 949	69 538
C.II.8.	Other payables	353	19 891
C.II.8.2.	Short-term financial borrowings	241 552	388 685
C.II.8.3.	Payables to employees	80 000	80 000
C.II.8.4.	Social security and health insurance payables	13 091	10 266
C.II.8.5.	State - tax payables and subsidies	7 412	5 416
C.II.8.6.	Estimated payables	2 974	1 997
C.II.8.7.	Sundry payables	10 228	16 858
<b>D.</b>	<b>Other liabilities</b>	<b>127 847</b>	<b>274 148</b>
D.1.	Accrued expenses	20 703	32 468
D.2.	Deferred income	19 067	25 091
		1 636	7 377

**7.2. Profit and loss account, according to the nature of expense method, year ended 31 December 2018 (in CZK thousand)**

	Year ended 31 December 2018	Year ended 31 December 2017
I. Sales of products and services	59 261	49 033
A. Purchased consumables and services	<b>157 734</b>	<b>136 694</b>
A.2. Consumed material and energy	13 161	11 436
A.3. Services	144 573	125 258
D. Staff costs	<b>231 255</b>	<b>181 755</b>
D.1. Payroll costs	173 192	135 936
D.2. Social security and health insurance costs and other charges	<b>58 063</b>	<b>45 819</b>
D.2.1. Social security and health insurance costs	55 162	43 666
D.2.2. Other charges	2 901	2 153
E. Adjustments to values in operating activities	<b>-125 982</b>	<b>72 710</b>
E.1. Adjustments to values of intangible and tangible fixed assets	<b>7 061</b>	<b>7 589</b>
E.1.1. Adjustments to values of intangible and tangible fixed assets -	7 061	7 589
E.3. Adjustments to values of receivables	-133 043	65 121
III. Other operating income	<b>226 551</b>	<b>278 330</b>
III.1. Sales of fixed assets	1 400	1 071
III.3. Sundry operating income	225 151	277 259
F. Other operating expenses	<b>412 158</b>	<b>399 776</b>
F.1. Net book value of sold fixed assets	17	188
F.3. Taxes and charges	13 834	11 441
F.4. Reserves relating to operating activities and complex deferred	13 395	24 820
F.5. Sundry operating expenses	384 912	363 327
* <b>Operating profit or loss (+/-)</b>	<b>-389 353</b>	<b>-463 572</b>
VI. Interest income and similar income	0	2
VI.2. Other interest income and similar income	0	2
J. Interest expenses and similar expenses	<b>103 540</b>	<b>202 730</b>
J.1. Interest expenses and similar expenses - controlled or controlling	10 408	4 861
J.2. Other interest expenses and similar expenses	93 132	197 869
VII. Other financial income	1 009 676	1 087 510
K. Other financial expenses	187 891	206 462
* <b>Financial profit or loss (+/-)</b>	<b>718 245</b>	<b>678 320</b>
** <b>Profit or loss before tax (+/-)</b>	<b>328 892</b>	<b>214 748</b>
L. Income tax	<b>102 828</b>	<b>29 064</b>
L.1. Due income tax	102 488	69 990
L.2. Deferred income tax (+/-)	340	-40 926
** <b>Profit or loss net of tax (+/-)</b>	<b>226 064</b>	<b>185 684</b>
*** <b>Profit or loss for the current period (+/-)</b>	<b>226 064</b>	<b>185 684</b>
* <b>Net turnover for the current period</b>	<b>1 295 488</b>	<b>1 414 875</b>

**7.3. Statement of changes in equity for the year ended 31 December 2018  
(in CZK thousand)**

	Share capital	Capital funds from profit, reserve fund	Funds from profit, reserve fund	Accumulated profits brought forward	Accumulated losses brought forward	Profit or loss for the current period	TOTAL EQUITY
<b>Balance at 31 December 2016</b>	<b>232 650</b>	<b>0</b>	<b>0</b>	<b>1 152 141</b>	<b>0</b>	<b>173 933</b>	<b>1 558 724</b>
Distribution of profit or loss				98 933		-98 933	0
Change in share capital							0
Profit shares paid						-75 000	-75 000
Profit share prepayments declared							0
Payments from capital funds							0
Profit or loss for the current period						185 684	185 684
<b>Balance at 31 December 2017</b>	<b>232 650</b>	<b>0</b>	<b>0</b>	<b>1 251 074</b>	<b>0</b>	<b>185 684</b>	<b>1 669 408</b>
Distribution of profit or loss							
Change in share capital							
Profit shares paid				-64 316		-185 684	-250 000
Profit share prepayments declared							
Payments from capital funds							
Profit or loss for the current period						226 064	226 064
<b>Balance at 31 December 2018</b>	<b>232 650</b>	<b>0</b>	<b>0</b>	<b>1 186 758</b>	<b>0</b>	<b>226 064</b>	<b>1 645 472</b>

## 7.4. Cash flow statement for the year ended 31 December 2018 (in CZK thousand)

	Year ended 31 December 2018	Year ended 31 December 2017	
<b>P.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>48 411</b>	<b>31 198</b>
	<b><i>Cash flows from ordinary activities (operating activities)</i></b>		
<b>Z.</b>	<b>Profit or loss before tax</b>	<b>328 892</b>	<b>214 748</b>
<b>A.1.</b>	<b>Adjustments for non-cash transactions</b>	<b>107 553</b>	<b>232 363</b>
<b>A.1.1.</b>	<b>Depreciation of fixed assets</b>	<b>7 061</b>	<b>7 589</b>
<b>A.1.2.</b>	<b>Change in provisions and reserves</b>	<b>-119 648</b>	<b>89 941</b>
<b>A.1.3.</b>	<b>Profit/(loss) on the sale of fixed assets</b>	<b>-1 383</b>	<b>-883</b>
<b>A.1.4.</b>	<b>Income from profit shares</b>	<b>0</b>	<b>0</b>
<b>A.1.5.</b>	<b>Interest expense and interest income</b>	<b>103 540</b>	<b>202 728</b>
<b>A.1.6.</b>	<b>Adjustments for other non-cash transactions</b>	<b>117 983</b>	<b>-67 012</b>
<b>A.*</b>	<b>Net operating cash flow before changes in working capital</b>	<b>436 445</b>	<b>447 111</b>
<b>A.2.</b>	<b>Change in working capital</b>	<b>359 272</b>	<b>277 778</b>
<b>A.2.1.</b>	<b>Change in operating receivables and other assets</b>	<b>257 424</b>	<b>267 240</b>
<b>A.2.2.</b>	<b>Change in operating payables and other liabilities</b>	<b>102 215</b>	<b>11 058</b>
<b>A.2.3.</b>	<b>Change in inventories</b>	<b>-367</b>	<b>-520</b>
<b>A.2.4.</b>	<b>Change in current financial assets</b>	<b>0</b>	<b>0</b>
<b>A.**</b>	<b>Net cash flow from operations before tax</b>	<b>795 717</b>	<b>724 889</b>
<b>A.3.</b>	<b>Interest paid</b>	<b>-130 058</b>	<b>-207 313</b>
<b>A.4.</b>	<b>Interest received</b>	<b>0</b>	<b>2</b>
<b>A.5.</b>	<b>Income tax paid from ordinary operations</b>	<b>-91 854</b>	<b>27 186</b>
<b>A.6.</b>	<b>Profit shares received</b>	<b>0</b>	<b>0</b>
<b>A.***</b>	<b>Net operating cash flows</b>	<b>573 805</b>	<b>544 764</b>
	<b><i>Cash flows from investing activities</i></b>		
<b>B.1.</b>	<b>Fixed assets expenditures</b>	<b>-11 444</b>	<b>-4 836</b>
<b>B.2.</b>	<b>Proceeds from fixed assets sold</b>	<b>1 400</b>	<b>1 634</b>
<b>B.3.</b>	<b>Loans and borrowings to related parties</b>	<b>0</b>	<b>0</b>
<b>B.***</b>	<b>Net investment cash flows</b>	<b>-10 044</b>	<b>-3 202</b>
	<b><i>Cash flow from financial activities</i></b>		
<b>C.1.</b>	<b>Change in payables from financing</b>	<b>-331 617</b>	<b>-449 349</b>
<b>C.2.</b>	<b>Impact of changes in equity</b>	<b>-250 000</b>	<b>-75 000</b>
<b>C.2.1.</b>	<b>Cash increase in share capital</b>	<b>0</b>	<b>0</b>
<b>C.2.2.</b>	<b>Capital payments to partners</b>	<b>0</b>	<b>0</b>
<b>C.2.3.</b>	<b>Other cash contributions made by partners</b>	<b>0</b>	<b>0</b>
<b>C.2.4.</b>	<b>Settlement of loss by partners</b>	<b>0</b>	<b>0</b>
<b>C.2.5.</b>	<b>Payments from capital funds</b>	<b>0</b>	<b>0</b>
<b>C.2.6.</b>	<b>Profit shares paid</b>	<b>-250 000</b>	<b>-75 000</b>
<b>C.***</b>	<b>Net financial cash flows</b>	<b>-581 617</b>	<b>-524 349</b>
<b>F.</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>-17 856</b>	<b>17 213</b>
<b>R.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>30 555</b>	<b>48 411</b>

## 7.5. Notes to the financial statements

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## 1. GENERAL FACTS

### 1.1. Establishment and characteristics of the Company

PROFI CREDIT Czech, a.s. (former trade name: Profireal, a.s.) (hereinafter the “Company”) was established by the Memorandum of Association as a joint-stock company on 21 November 1994 and was incorporated by its registration in the Register of Companies administered by the Court in Hradec Králové on 05 December 1994; currently, the Company is registered with the Municipal Court in Prague, Section B, Insert 2892.

The scope of business of the Company is:

- Production, trade and services not listed in Annexes 1 to 3 to the Trade Licensing Act;
- Provision or intermediation of consumer loans.

In 2018, the amount of registered capital remained unchanged and stands at CZK 232,650 thousand (40 shares in the nominal amount of CZK 5,500 thousand and 23 shares in the nominal amount of CZK 550 thousand).

The financial statements of the Company are prepared as of and for the year ended 31 December 2018.

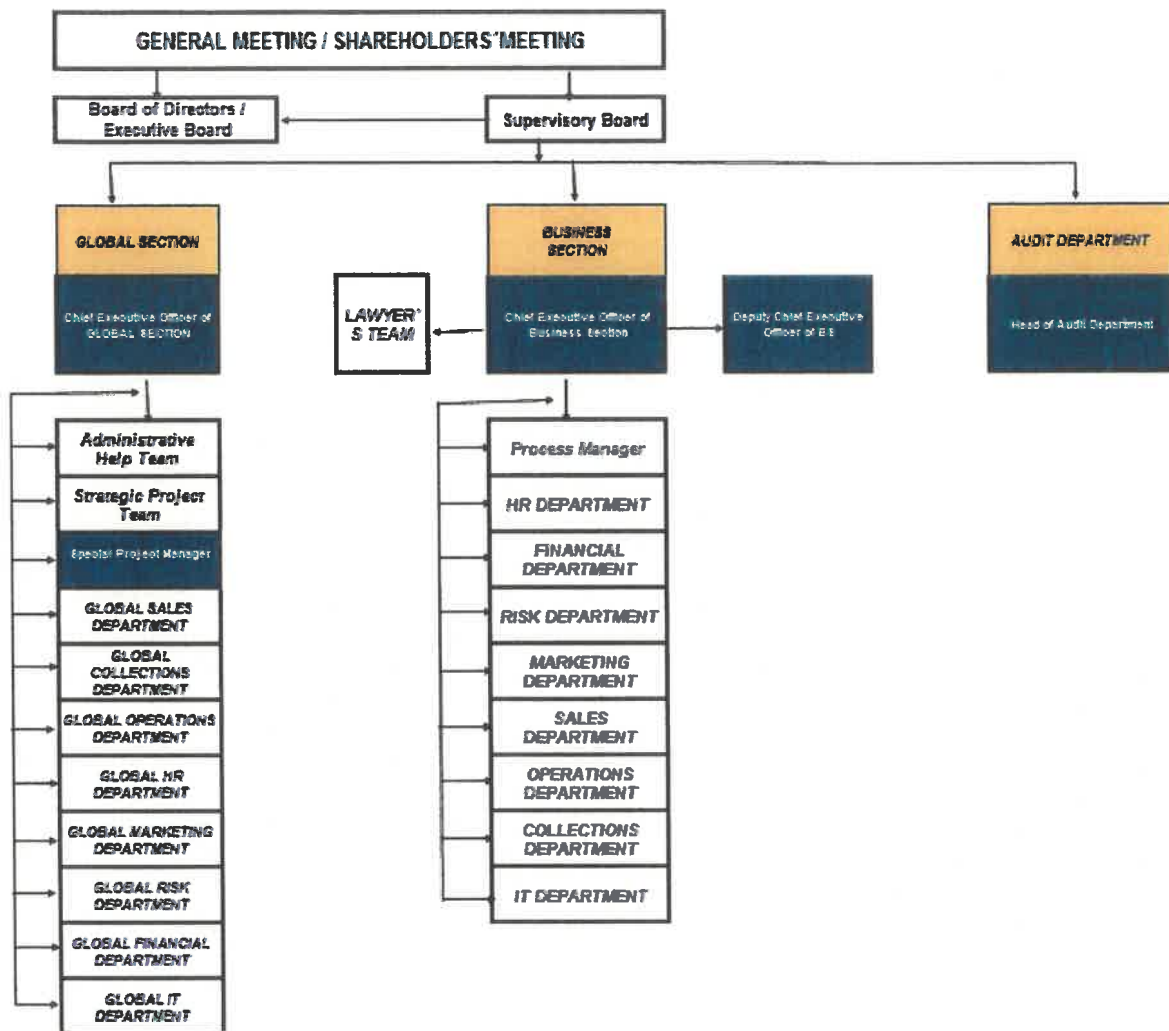
The reporting period corresponds to the calendar year – from 1 January 2018 to 31 December 2018.

The financial statements are general purpose financial statements and have not been prepared for any special purpose, transaction or user. Users should not rely exclusively on these financial statements in making decisions and should undertake other appropriate inquiries before making decisions.

Natural and legal persons with a share in the Company’s registered capital exceeding 20% and their respective shares are named in the following table:

Shareholder	% share in registered capital
PROFIREAL Group SE	100 %
<b>Total</b>	<b>100 %</b>

## 1.2. Organisational Structure of the Company



## 1.3. Identification of the Group

The Company is a member of the financial group PROFIREAL Group SE and falls within its consolidation group.

## 1.4. Board of Directors and Supervisory Board as of 31 December 2018

	Position	Name
<b>Board of Directors</b>	Chairman	David Chour
	Member	Marek Štejnár
	Member	Jaroslav Čechínský
	Member	Pavel Kléma
<b>Supervisory Board</b>	Chairman	Zdeněk Lhotský
	Member	Áleš Oborník
	Member	Miroslava Oravcová



### **1.5. Changes and Amendments to the Register of Companies in the Reporting Period**

In 2018, Jaroslav Checinski and Pavel Klema were appointed as members of the Board of Directors. Aleš Oborník left his position of member of the Board of Directors and became a member of the Supervisory Board. Lucie Tucauerová left the position of member of the Supervisory Board and Rudolf Cejnar left the position of member of the Board of Directors.

## **2. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES**

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

Data in these financial reports are shown in thousands Czech crowns (CZK thousand).

## **3. OVERVIEW OF SIGNIFICANT ACCOUNTING RULES AND PROCEDURES**

### **3.1. Tangible fixed assets**

Tangible fixed assets are understood as assets the useful life of which exceeds one year and whose value is higher than CZK 5 thousand in each individual case.

The depreciation schedule (accounting depreciation) is determined on the basis of determination of the period of use of an asset in the Company and the estimated residual cost. The residual cost is the price for which an asset can be sold after it was used.

Monthly depreciation is determined according to the following formula:

$$MO = \frac{PC - ZC}{D}$$

PC	acquisition cost
Z	Residual cost
D	period of use in months
MO	monthly depreciation

Purchased tangible fixed assets are stated at acquisition cost less accumulated depreciation and impairment losses.

Valuation of tangible fixed assets generated internally includes direct costs, indirect costs causally related to the internal generation of the particular asset (production overheads) and related to the period of activity. Sale costs are not included.

Current replacement cost is used to evaluate tangible fixed assets acquired as a gift, fixed assets acquired free of charge based on a contract on purchase of a leased asset (recognised as a corresponding entry on the relevant accumulated depreciation account), fixed assets newly recorded on the accounts (recognised as a corresponding entry on the relevant accumulated depreciation account) and deposited tangible fixed assets.

Technical improvement of each asset exceeding CZK 5 thousand per one tax period increases the acquisition cost of tangible fixed assets.

Acquisition cost of tangible fixed assets, except for plots of land and uncompleted investments, is amortised during the estimated lifetime of the individual asset by the straight-line method.

Assets acquired in the form of a financial lease are depreciated by the lessor.

Technical improvement of leased tangible fixed assets is depreciated by the linear method for the term stipulated by the Act on Income Tax upon the classification of assets in groups.

Profit or loss from the sale or disposal of assets is determined as a difference between revenues from sales and the net book value of assets as of the date of sale and it is recognised in the profit and loss account.

### Provisioning

Net book value of an asset is compared to its value in use. If the carrying amount is higher, provisions are created in the amount of the difference.

### **3.2. Intangible fixed assets**

Intangible fixed assets are assets the useful life of which exceeds one year and whose value in case of start-up costs is higher than CZK 5 thousand in each individual case.

Intangible fixed assets are, inter alia, intangible results of research and development with the useful life exceeding one year, which are activated only in case of use for resale. Intangible results of development, SW and measurable rights generated internally for private consumption are not activated. Valuation is carried out at own cost or current replacement cost, if lower.

Purchased intangible fixed assets are valued at acquisition cost less accumulated depreciation and impairment losses.

Expenditures related to research and development are recognised as an expense in the year when they occurred.

Technical improvement of a particular asset exceeding in aggregate the amount of CZK 5 thousand within a single tax period increases the acquisition cost of intangible fixed assets.

Intangible fixed assets are amortised by the straight-line method on the basis of their estimated lifetime. Most intangible fixed assets are amortised over the period of 5 years.

### Provisioning

The Company created no provisions for intangible assets.

### **3.3. Non-current financial assets**

Non-current financial fixed assets are mainly loans with maturity exceeding one year, and participating interests. Upon their acquisition, participating interests are valued at acquisition cost.

### Provisioning

Provisions are created on the basis of a depreciation analysis of loans and participating interests.

### **3.4. Inventory**

Purchased inventory is stated at acquisition cost. The acquisition cost includes the purchase cost and incidental acquisition costs - mainly customs fees, freight and storage charges, commissions, insurance premium and discounts. The Company's inventory includes small advertising and promotional items only.

### **3.5. Receivables**

When incurred, receivables are valued at their nominal value, subsequently reduced by the relevant provisions for doubtful and bad amounts. Receivables acquired for consideration or as a deposit are stated at acquisition cost less provisions for doubtful and bad amounts.

In accordance with the Memorandum, the nominal value of contracts paid out by 31 December 2010 also includes the amount of future proceeds that the Company recognises on the deferred income account (see Note 3.10.).

#### Provisioning

The Company recognises provisions against receivables arising from loan contracts and accrued interest attached to these receivables. The amount of provisions is determined based on an analysis of the recovery of receivables past their due dates in prior years.

The Company estimates future cash flows for individual types of receivables on the basis of historical data. The provision is then recognised as equal to the difference between the amount of the receivable and the made or anticipated payments

### **3.6. Trade payables**

Trade payables are stated at their nominal value.

The Company writes off payables ensuing from unidentifiable received payments older than five years within other financial revenues.

### **3.7. Issued bonds**

The Company recognises issued bonds as a liability from issued bonds in the amount of their nominal value increased by incurred interest expenses. The value of issued bonds is decreased by the value of own bonds.

### **3.8. Credits and loans**

Credits and loans are recognised in their nominal value. Short-term credits/loans also include a part of long-term credits/loans payable within one year from the date of the financial statements. Interests are recorded on an accrual basis and are included in the profit (loss) for the given reporting period.

### **3.9. Reserves**

Reserves are intended to cover payables and expenditure, the nature of which is clearly defined and which are, as of the balance sheet date, likely or certain to be incurred, but which are uncertain as to the amount or the date on which they will arise.

The Company creates reserves for outstanding vacation days of employees, corporate income tax, competitions and the Company Bonus.

Reserves for outstanding vacation days are created on the basis of an analysis of the outstanding vacation days as of the date of the financial statements, and average wage costs including social security and health insurance costs of individual employees.

Reserves for corporate income tax return are constituted on grounds of the payable tax calculation.

The reserve for competitions is recognised based on the competitions that took place in 2018 whose results will not be announced until the following year.

Reserves for the Company Bonus, or the annual company-wide bonuses paid based on the fulfilment of the annual goal, are created based on the employees' gross salary plan.

### **3.10. Deferred income**

Deferred income includes mainly the contractual remuneration from the loans provided until year 2010 including their subsequent rollovers, which is gradually released to income during the term of the loan.

### **3.11. Foreign currency translation**

Accounting operations in foreign currencies carried out during the year are translated at daily exchange rate of the Czech National Bank (ČNB).

As of the date of the financial statements, assets and liabilities denominated in foreign currencies are translated at the exchange rate of the Czech National Bank prevailing on the date the financial statements are prepared.

### **3.12. Finance lease**

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, the ownership title to the asset transfers from the lessor to the lessee; pending the transfer of the title, the lessee makes lease payments to the lessor for the asset that are charged to expenses.

Aggregate amounts related to fixed assets acquired under finance leases are amortised and expensed over the lease period. Aggregate future lease payments are recorded as accounts payable and are reduced as the liability is relieved.

### **3.13. Taxes**

#### **3.13.1. Tax depreciation of fixed assets**

The accelerated depreciation method is used for the calculation of tax depreciations.

#### **3.13.2. Tax payable**

Tax payable for the given reporting period is based on the adjusted tax base that takes into account the income or expense items that are not subject to tax or are taxable in other periods. The Company's liabilities ensuing from taxes payable are calculated using tax rates effective on the date of the financial statements. Tax payable was recognised in the form of a reserve for tax paid.

### **3.13.3. Deferred tax**

Deferred tax is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset and reported on an aggregate net basis in the balance sheet, except when partial tax assets cannot be offset against partial tax liabilities.

### **3.14. Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of the net selling price and the value in use. In assessing the value in use, 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is thus reduced to its recoverable amount.

### **3.15. Revenues**

Contractual bonuses are accrued based on the amount of the outstanding portion of the principal and are reported in the line "Other financial revenues". Penalties and default interest are reported in the line "Other operating revenues".

**3.16. Use of estimates**

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. However, as evident from the nature of estimates, actual values in the future can differ from these estimates. Key areas with a potential for significant differences between the actual results and the estimates principally include provisions for receivables.

**3.17. Related parties**

A related party is a party related to a particular accounting unit, provided that such party, directly or indirectly, through one or more entities, controls the given accounting unit, is controlled by the accounting unit or is controlled jointly with the given accounting unit (this concerns parent companies, subsidiaries and fellow subsidiaries, or provided that the party is a member of the key management of the given accounting unit or its parent company.

Transactions between related parties represent a transfer of resources, services or liabilities between the related parties regardless of the fact whether prices are charged.

The Company management defined related parties specified in the financial statements and the transactions between them on grounds of the latest available data.

**3.18. Year-on-year changes in valuation methods, depreciation procedures and accounting methods**

No changes were made in valuation methods or depreciation procedures in 2018.

**3.19. Cash flow statement**

The cash flow statement was prepared using the indirect method. Cash equivalents represent short-term liquid assets, which can be easily and readily transferred to a previously known amount in cash. Funds and cash equivalents can be analysed as follows:

	(Data in CZK thousand)	
	31 December 2018	31 December 2017
Cash balance and cash in transit + valuables	1 011	641
Accounts in banks	29 544	47 770
<b>Funds and cash equivalents in total</b>	<b>30 555</b>	<b>48 411</b>

Cash flows from operating, investment or financial activities are provided in the cash flow statement as uncompensated cash flows.



## 4. ADDITIONAL DATA REGARDING THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

### 4.1. Fixed assets

#### 4.1.1. Intangible fixed assets

##### Acquisition cost

(Data in CZK thousand)

	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017	Additions	Disposals	Balance at 31 Dec 2018
Development	4 492	1	0	4 493	0	0	4 493
Software	24 027	351	0	24 378	7 539	0	31 917
Other intangible fixed assets	3 541	0	0	3 541	0	0	3 541
Int. fixed assets under const.	596	3 338	351	3 583	6 377	8 097	1 863
<b>Total</b>	<b>32 656</b>	<b>3 690</b>	<b>351</b>	<b>35 995</b>	<b>13 916</b>	<b>8 097</b>	<b>41 814</b>

##### Accumulated amortisation

(Data in CZK thousand)

	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017	Additions	Disposals	Balance at 31 Dec 2018
Development	2 153	1 170	0	3 323	1 170	0	4 493
Software	19 153	1 579	0	20 732	1 749	0	22 481
Other intangible fixed assets	1 456	687	0	2 143	651	0	2 794
<b>Total</b>	<b>22 762</b>	<b>3 436</b>	<b>0</b>	<b>26 198</b>	<b>3 570</b>	<b>0</b>	<b>29 768</b>

##### Net book value

(Data in CZK thousand)

	Balance at 31 Dec 2017	Balance at 31 Dec 2018
Development	1 170	0
Software	3 646	9 436
Other intangible fixed assets	1 398	747
Int. fixed assets under const.	3 583	1 863
<b>Total</b>	<b>9 797</b>	<b>12 046</b>

The Company recognised no provisions against intangible fixed assets in 2018 or 2017.

#### 4.1.2. Tangible fixed assets

##### Acquisition cost

(Data in CZK thousand)

	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017	Additions	Disposals	Balance at 31 Dec 2018
Land	2 635	0	0	2 635	0	0	2 635
Structures	49 054	0	0	49 054	1 132	0	50 186
Tangible movable assets	29 718	1 688	3 203	28 203	5 010	1 736	31 477
- Machinery and equipment	7 432	1 143	1 681	6 894	3 650	1 640	8 904
- Vehicles	6	15	2	19	18	12	25
- Furniture and fixtures	22 280	530	1 520	21 290	1 342	84	22 548
Tan. fixed assets under constr.	2 800	1 698	1 889	2 609	0	1 131	1 478
<b>Total</b>	<b>84 207</b>	<b>3 386</b>	<b>5 092</b>	<b>82 501</b>	<b>6 142</b>	<b>2 867</b>	<b>85 776</b>

##### Accumulated depreciation and provisions

(Data in CZK thousand)

	Balance at 31 Dec 2016	Additions	Disposals	Balance at 31 Dec 2017	Additions	Disposals	Balance at 31 Dec 2018
Structures	22 579	1 079	0	23 658	1 096	0	24 754
Tangible movable assets	21 881	3 263	3 204	21 940	2 412	1 736	22 616
- Machinery and equipment	5 995	927	308	6 614	991	1 640	5 965
- Vehicles	0	2	2	0	12	12	0
- Furniture and fixtures	15 886	2 334	2 894	15 326	1 409	84	16 651
<b>Total</b>	<b>44 460</b>	<b>4 342</b>	<b>3 204</b>	<b>45 598</b>	<b>3 508</b>	<b>1 736</b>	<b>47 370</b>

##### Net book value

(Data in CZK thousand)

	Balance at 31 Dec 2017	Balance at 31 Dec 2018
Land	2 635	2 635
Structures	25 396	25 432
Tangible movable assets	6 263	8 861
- Machinery and equipment	280	2 939
- Vehicles	19	25
- Furniture and fixtures	5 964	5 897
Tan. fixed assets under constr.	2 609	1 478
<b>Total</b>	<b>36 903</b>	<b>38 406</b>

The Company recognised a provision against buildings in 2008. The amount of the provision remains unchanged at CZK 679 thousand.

In 2018, the Company procured low-value tangible assets at the acquisition cost amounting up to CZK 5 thousand, which were recognised directly on the expense account in the total amount of CZK 1,025 thousand, and in the total amount of CZK 753 thousand in 2017. Fixed assets under construction include costs for a planned reconstruction of the Company's real estate.

#### 4.1.3. Pledged assets

Given that the Company has pledged no tangible or intangible assets since 2014, all information about pledged assets is given in Note 4.3.3 Pledged assets.

#### 4.1.4. Assets acquired through financial leasing

##### Financial leasing with subsequent purchase of the leased asset

(Data in CZK thousand)

Description of item/group of items	Total leasing value	Instalments actually paid in 2017	Instalments actually paid in 2018	Payable in the following years
Passenger cars	48 113	5 249	7 985	13 178
HW equipment	16 625	3 277	2 833	3 096
<b>Total</b>	<b>64 738</b>	<b>8 526</b>	<b>10 818</b>	<b>16 274</b>

The data exclude value added tax provided that the tax can be claimed as a deduction at the input.

#### 4.2. Receivables

##### 4.2.1. Long-term receivables

Long-term net receivables as of 31 December 2018 amounted to CZK 740,290 thousand (provision of CZK 27,703 thousand). Long-term net receivables as of 31 December 2017 amounted to CZK 754,219 thousand (provision of CZK 32,245 thousand). These items include long-term receivables ensuing from credits and loans with maturity exceeding one year at the date of the preparation of financial statements.

#### 4.3. Short-term receivables

##### 4.3.1. Aging of trade receivables

(Data in CZK thousand)

Year	Category	Unspecified	Due	Overdue	Total
2018	Gross	984 980	609 289	6 326 362	7 920 631
	Provisions	720 854	27 493	4 552 593	5 300 940
	Net	264 126	581 796	1 773 769	2 619 691
2017	Gross	1 068 746	703 175	6 487 195	8 259 116
	Provisions	791 115	33 476	4 604 849	5 429 440
	Net	277 631	669 699	1 882 346	2 829 676

Interest on contractual penalties cannot be classified within the particular categories in the table as there is no effective date before the Court issues its decision (this interest is therefore included in the Unspecified category).

As of 31 December 2018, receivables (long-term and short-term) serving as collateral for accepted bank loans amounted to CZK 503,615 thousand, and for accepted non-bank loans to CZK 1,647,567 thousand CZK. As of 31 December 2017, receivables (long-term and short-term) serving as collateral for accepted bank loans amounted to CZK 315,630 thousand, and for accepted non-bank loans to CZK 8,729,950 thousand CZK.

Changes in provisions for receivables can be classified as follows:

	(Data in CZK thousand)	
	2018	2017
Opening balance as of 1 January	5 429 440	5 359 504
Creation	187 114	241 479
Use	-315 614	-171 543
Closing balance as of 31 December	5 300 940	5 429 440

**4.3.2. Receivables from Group members**Short-term trade receivables

	(Data in CZK thousand)	
Company	Balance at 31 Dec 2018	Balance at 31 Dec 2017
PGJT B.V.	2 716	0
PROFI CREDIT Bulgaria EOOD	667	1 303
PROFI CREDIT Polska S.A.	3 703	2 766
PROFI CREDIT Slovakia, s.r.o.	469	1 167
Profi Consulting s.r.o.	39	39
PROFIREAL Group SE	2 830	5 843
LLC MCC PROFIREAL	1 716	4 406
Silversouth, a.s.	11	11
Southstream, a.s.	11	11
Strongwest, a.s.	11	11
TH Real, a.s.	19	275
FLEXI FINANCE ASIA INC.	4 975	0
DTMR Management SICAV p.l.c.	39	0
<b>Total short-term receivables from Group members</b>	<b>17 206</b>	<b>15 832</b>

The Company provided no loans to group members in 2018 and 2017.

**4.3.3. Pledged assets**2018

(Data in CZK thousand)			
Description of assets	Gross value	Description, scope and purpose of pledge/ Easement	Value of liability secured
Receivables	1 506 789	Set of selected receivables was pledged in favour of a creditor in order to secure a credit received by the Company.	219 900
Accounts	8 500	Balances on Collection and Blocked Accounts were pledged to secure a credit received by the Company	
Receivables	141 043	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	75 442
Receivables	132 279	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	80 000
Receivables	360 686	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	59 573
Receivables	1 885	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	485
<b>Total</b>	<b>2 151 182</b>		<b>435 400</b>

2017

(Data in CZK thousand)

Description of assets	Gross value	Description, scope and purpose of pledge/ Easement	Value of liability secured
Receivables	6 826 302	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company.	371 000
Receivables	1 771 280	Set of selected receivables was pledged in favour of a creditor in order to secure a credit received by the Company.	442 285
Accounts	6 100	Balances on Collection and Blocked Accounts were pledged to secure a credit received by the Company	
Receivables	124 038	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	47 359
Receivables	132 367	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	80 000
Receivables	180 751	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	0
Receivables	10 842	Set of selected receivables was pledged in favour of a creditor to secure a credit received by the Company	7 095
<b>Total</b>	<b>9 051 680</b>		<b>947 739</b>

#### 4.4. Tax receivables

Tax receivables of CZK 45,411 thousand (CZK 32,144 thousand as of 31 December 2017) primarily include prepayments made for corporate income tax.

#### 4.5. Deferred expenses

As of 31 December 2018, total deferred costs amounted to CZK 31,164 thousand (CZK 41,806 thousand as of 31 December 2017).

The most significant item includes deferred expenses related to finance leasing of cars and IT technology, amounting to CZK 22,435 thousand as of 31 December 2018 (CZK 19,844 thousand as of 31 December 2017). Other significant deferred expenses include the fee for credit provision amounting to CZK 1,568 thousand (2017: CZK 13,903 thousand).

#### 4.6. Equity

As of 31 December 2018, equity amounts to CZK 1,645,472 thousand (CZK 1,669,408 thousand as of 31 December 2017). The Company's management anticipates paying out the profit of 2018 in the form of dividend in full.

#### 4.7. Reserves

(Data in CZK thousand)

	Reserves for untaken leave	Income tax reserve	Other reserves	Reserves in total
Balance as of 31 Dec 2017	2 761	78 472	24 364	105 597
Balance as of 31 Dec 2018	3 223	102 363	37 297	142 883

## 4.8. Liabilities

### 4.8.1. Long-term trade payables

Type of liability	(Data in CZK thousand)	
	Balance as of 31 Dec 2018	Balance as of 31 Dec 2017
Commission to staff providing credits	63 522	67 903

### 4.8.2. Issued bonds

In December 2012, the Company issued book-entry bonds in the total amount of CZK 3,000,000 thousand (the nominal value of each particular bond is CZK 1).

In 2018, the Company placed a total of 185,700 thousand bonds with the interest rate of 5.5% p.a. and 74,500 thousand bonds with the interest rate of 6.2% p.a.

In 2017, the Company placed a total of 241,500 thousand bonds with the interest rate of 6.5% p.a.

### 4.8.3. Long-term intercompany payables

Type of liability	Currency	Balance as of 31 Dec 2018	Balance as of 31 Dec 2017	Form of security 2018
Loan from a non-banking entity	CZK	67 000	371 000	Bill of exchange Pledged receivables

### 4.8.4. Other long-term payables

Type of liability	Currency	(Data in CZK thousand)		Form of security 2018
		Balance as of 31 Dec 2018	Balance as of 31 Dec 2017	
Loan from a non-banking entity	CZK	110 298	175 178	Bill of exchange Pledged receivables
Payables from leasing	CZK			Bill of exchange
		9 883	6 869	
<b>Total</b>		<b>120 181</b>	<b>182 047</b>	

Long-term payables include payables with maturity exceeding one year on the date of the financial statements.

#### 4.9. Short-term trade and other payables

In other short-term payables, the Company recognises a short-term part of the credit obtained from a non-banking entity and amounting to CZK 121,613 thousand (CZK 267,107 thousand as of 31 December 2017) and a payable arising from leasing in the amount of CZK 6,234 thousand (CZK 7,041 thousand as of 31 December 2017).

##### Aging of short-term trade payables

(Data in CZK thousand)				
Year	Category	Due	Overdue	Total
2018	Short-term	74 937	10 012	84 949
2017	Short-term	61 730	7 808	69 538

#### 4.9.1. Short-term intercompany payables

(Data in CZK thousand)		
Company	Balance as of 31 Dec 2018	Balance as of 31 Dec 2017
PROFIREAL Group SE	301	1 112
Profi Credit Polska S.A.	0	33
Profi Consulting s.r.o.	52	42
Profi Funding B.V.	0	16 704
Silversouth, a.s.	0	2 000
<b>Total short-term intercompany payables</b>	<b>353</b>	<b>19 891</b>

#### 4.10. Payables to credit institutions

##### 4.10.1. Long-term payables to credit institutions

###### 2018

(Data in CZK thousand)		
Bank	Balance as of 31 Dec 2018	Form of collateral
Banking entity	8 833	Bill of exchange
Banking entity	20 834	Bill of exchange; Pledged receivables
<b>Total</b>	<b>29 667</b>	

###### 2017

(Data in CZK thousand)		
Bank	Balance as of 31 Dec 2017	Form of collateral
Banking entity	6 500	Bill of exchange
Banking entity	15 278	Bill of exchange; Pledged receivables
<b>Total</b>	<b>21 778</b>	

**4.10.2.Short-term payables to credit institutions, short-term financial assistance**

2018

(Data in CZK thousand)		
<b>Creditor</b>	<b>Balance as of 31 Dec 2018</b>	<b>Form of collateral</b>
Non-banking entity	80 000	Bill of exchange Pledged receivables
<b>Bank</b>	<b>Balance as of 31 Dec 2018</b>	<b>Form of collateral</b>
Banking entity	12 667	Bill of exchange
Banking entity	59 573	Bill of exchange Pledged receivables
Banking entity	1 960	Bill of exchange
Banking entity	54 609	Bill of exchange Pledged receivables
Banking entity	484	Bill of exchange Pledged receivables
<b>Total</b>	<b>129 293</b>	

2017

(Data in CZK thousand)		
<b>Creditor</b>	<b>Balance as of 31 Dec 2017</b>	<b>Form of collateral</b>
Non-banking entity	80 000	Bill of exchange Pledged receivables
<b>Bank</b>	<b>Balance as of 31 Dec 2017</b>	<b>Form of collateral</b>
Banking entity	28 274	Bill of exchange
Banking entity	0	Bill of exchange Pledged receivables
Banking entity	1 304	Bill of exchange
Banking entity	32 081	Bill of exchange Pledged receivables
Banking entity	7 095	Bill of exchange Pledged receivables
<b>Total</b>	<b>68 754</b>	

**4.11. Estimated payables - short-term**

As of 31 December 2018, estimated payables – short-term amount to CZK 10,228 thousand (CZK 16,858 thousand as of 31 December 2017) and predominantly include estimated interest expense.

**4.12. Deferred income and accrued expenses**

As of 31 December 2018, deferred income amounts to CZK 1,636 thousand (CZK 7,377 thousand as of 31 December 2017) and is represented by deferred contractual remuneration relating to consumer loans disbursed before 2011 which is gradually released to income.

Accrued expenses amount to CZK 19,067 thousand (CZK 25,091 thousand as of 31 December 2017) and are represented mainly by commissions paid to the staff providing credits in the amount of CZK 15,523 thousand (CZK 21,690 thousand as of 31 December 2017).



### 4.13. Income tax

#### 4.13.1. Deferred tax

The deferred tax liability can be analysed as follows:

	(Data in CZK thousand)	
	Balance as of 31 Dec 2018	Balance as of 31 Dec 2017
<b>Tax liability</b>		
Difference between accounting and tax residual value	24 693	24 359
Balance - customers – contractual fines	2 043 538	2 496 360
Balance - customers – default interest	1 188 972	1 074 895
<b>Deferred tax liability - base in total</b>	<b>3 257 203</b>	<b>3 595 614</b>
<b>Tax asset</b>		
Creation of provisions for client contractual fines	1 919 358	2 129 162
Creation of provisions for client default interest	687 064	791 115
Future creation of tax provisions	90 481	154 587
Reserve for unused vacation days and other reserves	40 516	2 761
<b>Deferred tax asset - base in total</b>	<b>2 737 419</b>	<b>3 077 625</b>
Resultant base of deferred tax	519 784	517 989
Deferred tax - liability (2018: 19%, 2017: 19%)	98 759	98 418
Deferred tax already recognised	98 418	139 344
<b>Deferred tax to be recognised in the profit and loss account</b>	<b>340</b>	<b>-40 926</b>

#### 4.13.2. Tax charge

The amount of tax can be compared to the profit according to the profit and loss account as follows:

	(Data in CZK thousand)	
	Balance as of 31 Dec 2018	Balance as of 31 Dec 2017
Profit before tax	328 892	214 748
Income tax rate	19%	19%
Tax under local income tax rate	62 489	40 802
Tax impact of non-deductible costs/revenues	39 874	29 010
Withholding tax for current reporting period	125	178
Tax payable for current reporting period	102 488	69 990
Changes in deferred tax liability	340	-40 926
<b>Total income tax for regular activities</b>	<b>102 828</b>	<b>29 064</b>

### 4.14. Sales of services

	(Data in CZK thousand)					
	Period ended 31 Dec 2018			Period ended 31 Dec 2017		
	Domestic	Foreign	In total	Domestic	Foreign	In total
Revenues - sale of services (consulting services)	0	54 711	54 711	0	44 534	44 534
Revenues - provided trademarks	0	3 507	3 507	0	3 227	3 227
Revenues - renting of real estate	915	0	915	915	0	915
Revenues - other	128	0	128	357	0	357
<b>Total sales of services</b>	<b>1 043</b>	<b>58 218</b>	<b>59 261</b>	<b>1 272</b>	<b>47 761</b>	<b>49 033</b>

**4.15. Transactions with related parties****4.15.1. Revenues from transactions with related parties****2018**

(Data in CZK thousand)			
Entity	Other revenues	Services	Total
FLEXI FINANCE ASIA INC.	0	10 121	10 121
Profi Consulting s.r.o.	72	0	72
PROFI CREDIT Bulgaria, EOOD	424	6 661	7 085
PROFI CREDIT Polska S.A.	2 205	24 988	27 193
PROFI CREDIT Slovakia, s.r.o.	877	3 425	4 302
PROFIREAL Group SE	0	2 942	2 942
LLC MCC PROFIREAL	0	3 682	3 682
Silversouth, a.s.	20	0	20
Southstream, a.s.	20	0	20
Strongwest, a.s.	20	0	20
TH Real, a.s.	86	0	86
<b>Total</b>	<b>3 724</b>	<b>51 819</b>	<b>55 543</b>

**2017**

(Data in CZK thousand)			
Entity	Other revenues	Services	Total
Cash Gate, s.r.o.	0	0	0
Profi Consulting s.r.o.	72	0	72
PROFI CREDIT Bulgaria, EOOD	428	6 567	6 995
PROFI CREDIT Polska S.A.	1 553	22 671	24 224
PROFI CREDIT Slovakia, s.r.o.	1 246	7 051	8 297
PROFI CREDIT Sp.z o.o.	0	18	18
PROFIREAL Group SE	0	5 300	5 300
LLC MCC PROFIREAL	621	2 927	3 548
Silversouth, a.s.	20	0	20
Southstream, a.s.	20	0	20
Strongwest, a.s.	20	0	20
TH Real, a.s.	94	0	94
<b>Total</b>	<b>4 074</b>	<b>44 534</b>	<b>48 608</b>

All revenues from transactions with related parties were obtained at arm's length prices.

**4.15.2. Purchases with related parties****2018**

(Data in CZK thousand)			
Entity	Services	Other expenses	Total
PROFI CREDIT Polska S.A.	5	0	5
Profi Consulting s.r.o.	718	0	718
PROFI CREDIT Slovakia, s.r.o.	0	125	125
PROFIREAL Group SE	0	4 980	4 980
Silversouth, a.s.	0	11	11
Profi Funding B.V.	0	16 142	16 142
<b>Total</b>	<b>723</b>	<b>21 258</b>	<b>21 981</b>

**2017**

(Data in CZK thousand)			
Entity	Services	Other expenses	Total
PROFIDEBT Slovakia, s. r. o.	0	0	0
Profi Consulting s.r.o.	962	0	962
PROFI CREDIT Slovakia, s.r.o.	456	178	634
PROFIREAL Group SE	0	16 232	16 232
LLC MCC PROFIREAL	0	0	0
Silversouth, a.s.	0	152	152
Profi Funding B.V.	0	22 643	22 643
<b>Total</b>	<b>1 418</b>	<b>39 205</b>	<b>40 623</b>

#### 4.15.3. Other transactions with related parties

The Company was provided with a loan by PROFIREAL Group SE in 2014. The loan was provided pursuant to General Credit Agreement no. PCT/PG/11/2011, executed on 16 November 2011, and the interest rate stood at 15.5% p.a., with the line of credit stipulated at CZK 50 million. By way of Amendment No. 1 to this Agreement, the line of credit was increased to CZK 250 million and the interest rate increased to 18% p.a. in 2014. In 2015, the interest rate was reduced to 13.25 p.a. according to Amendment No. 2. The Company owed a principal of CZK 0 thousand and CZK 0 thousand as of 31 December 2018 and 2017, respectively. The Company paid interest in the amount of CZK 0 thousand and CZK 4,709 thousand as of 31 December 2018 and 2017, respectively. The contract was duly repaid in 2017.

The Company was provided with a loan from Silversouth, a.s. in 2013. The loan was provided pursuant to General Credit Agreement No. 06/08/2009, signed on 7 August 2009, with the interest rate of 7.5% p.a. and the line of credit was determined at CZK 2 million. The Company paid interest in the amount of CZK 11 thousand and CZK 152 thousand as of 31 December 2018 and 2017, respectively. The contract was duly repaid and legally terminated in January 2018.

In 2017, the Company was provided with a loan from PROFI FUNDING B.V. The loan was provided pursuant to the Loan Contract concluded on 12 September 2017, which was assigned by the original creditor to PROFI FUNDING B.V. on 7 November 2017. It bore the interest rate of 19% p.a. and the line of credit was determined at CZK 1,200 million. The loan contract was duly repaid and legally terminated in March 2018. As of 31 December 2018, interest amounted to CZK 6,881 thousand, as of 31 December 2017, interest amounted to CZK 22,643 thousand. On 19 September 2018, the Company as the debtor concluded a new loan contract with PROFI FUNDING B.V. as the creditor. This loan contract is still active. The loan facility was set to CZK 1,200 million and the interest rate is 11.51% p.a. The balance of the drawn and unpaid principal pursuant to this loan contract amounts to CZK 67,000 thousand as of 31 December 2018, interest amounts to CZK 3,516 thousand as of 31 December 2018.

#### 4.16. Consumed purchases

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Material consumption	9 415	7 266
Energy consumption	3 746	4 170
<b>Total consumed purchases</b>	<b>13 161</b>	<b>11 436</b>

**4.17. Services**

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Repairs and maintenance	2 581	2 161
Travel expenses	3 176	3 175
Costs of representation	7 988	7 269
Telephone, fax, Internet, postage	9 236	9 775
Consultancy services and audit	7 928	5 326
Rent	17 082	17 698
Leasing	9 784	9 764
Intermediation of employees	1 037	1 619
Notary and legal services	19 672	15 906
Advertisements, commercials	19 848	19 243
Language translations	346	135
Other services	45 895	33 182
<b>Total</b>	<b>144 573</b>	<b>125 258</b>

**4.18. Other operating income**

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Contractual penalties and interest on overdue payment	181 362	202 447
Other operating income	43 789	74 812
<b>Total</b>	<b>225 151</b>	<b>277 259</b>

In 2018, other operating income primarily consists of income predominantly composed of costs of legal representation related to the collection of receivables from debtors, transferred by the Company to its debtors in the total amount of CZK 12,448 thousand.

In 2017, other operating income primarily consists of income predominantly composed of costs of legal representation related to the collection of receivables from debtors, transferred by the Company to its debtors in the total amount of CZK 41,650 thousand.

**4.19. Other operating expenses**

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Gifts	810	863
Other penalties and sanctions	48	74
Write-off of receivables and assigned receivables	338 999	285 051
Deficits and damages in operation	60	0
Other operating costs	44 995	77 339
<b>Total</b>	<b>384 912</b>	<b>363 327</b>

In 2018, the Company wrote off receivables in the amount of CZK 14,693 thousand based on an ineffective result of distraint proceedings and receivables in the amount of CZK 324,266 thousand based on verdicts of insolvency proceedings.

In 2017, the Company wrote off receivables in the amount of CZK 25,076 thousand based on an ineffective result of distraint proceedings and receivables in the amount of CZK 259,069 thousand based on verdicts of insolvency proceedings.

**4.20. Other financial revenues**

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Exchange rate gains	108	37
Other financial revenues	1 009 568	1 087 473
<b>Total</b>	<b>1 009 676</b>	<b>1 087 510</b>

Other financial revenues include regular remunerations for the provision of credits or loans (main revenues of the Company).

**4.21. Interest expenses**

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Interest on bank credits	8 732	10 425
Other interest payable to other creditors	94 808	192 305
<b>Total</b>	<b>103 540</b>	<b>202 730</b>

**4.22. Other financial expenses**

	(Data in CZK thousand)	
	Period ended 31 Dec 2018	Period ended 31 Dec 2017
Exchange rate losses	642	563
Interest - promissory note	0	0
Fee for provision of a non-bank loan	19 238	12 917
Other financial expenses	168 011	192 982
<b>Total</b>	<b>187 891</b>	<b>206 462</b>

Other financial costs mainly include commissions for loan agents amounting to CZK 146,424 thousand (CZK 167,595 thousand in 2017).

## 5. EMPLOYEES, COMPANY MANAGEMENT AND STATUTORY BODIES

### 5.1. Staff costs and number of employees

The average number of employees and Company management members in 2018 and 2017 is as follows:

#### 2018

	(Data in CZK thousand)	
	Number	Personnel costs in total
Employees	222	197 728
Company management	14	33 527
<b>Total</b>	<b>236</b>	<b>231 255</b>

#### 2017

	(Data in CZK thousand)	
	Number	Personnel costs in total
Employees	198	154 084
Company management	15	27 671
<b>Total</b>	<b>213</b>	<b>181 755</b>

Total salary costs include remunerations paid to members of the Company's statutory bodies, including members of the Supervisory Board, in the amount of CZK 14,711 thousand and CZK 10,684 thousand in 2018 and 2017, respectively. The number of employees is based on the average headcount. The term "Company management" refers to the Company's top management.

### 5.2. Provided loans, credits or other performance

In 2018 and 2017, members of the Board of Directors and Supervisory Board received the following remuneration in addition to their basic salaries:

#### 2018

	(Data in CZK thousand)	
	Board of Directors	Supervisory Board
Remuneration	14 546	165
Cars / other movable and immovable items that might be used for private purposes (amounts increasing the employees' tax base)	593	153
<b>Total</b>	<b>15 139</b>	<b>318</b>

#### 2017

	(Data in CZK thousand)	
	Board of Directors	Supervisory Board
Remuneration	11 332	160
Cars / other movable and immovable items that might be used for private purposes (amounts increasing the employees' tax base)	1 038	0
<b>Total</b>	<b>12 370</b>	<b>160</b>

## **6. CONTINGENT LIABILITIES AND OFF BALANCE SHEET COMMITMENTS**

The Company reports no off balance sheet commitments and is not aware of any potential losses.

### **Collateral acceptances issued**

The Company has issued blank bills of exchange in order to secure credits received from providers of bank and non-bank credits. An overview of secured liabilities is provided in Note 4.10.

### **Litigations**

The Company is currently involved in no significant passive legal dispute.

## **7. POST BALANCE SHEET EVENTS**

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements.

## **8. REPORT ON RELATIONS BETWEEN THE CONTROLLING ENTITY AND CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY**

**for the reporting period from 1 January 2018 to 31 December 2018**

### **(Report on Relations)**

This Report on Relations was prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the Act on Business Corporations), as amended (the “Act on Business Corporations”).

**PROFI CREDIT Czech, a.s.**, with registered office at Klimentská 1216/46, Nové Město, 110 00 Prague 1, Company ID: 61 86 00 69, registered on 05 December 1994 in the Register of Companies administered by the Municipal Court in Prague, Section B, Insert 2892 (hereinafter the “Company”), is a member the PROFIREAL Group and is engaged in the provision of consumer credits.

The company has a sole shareholder, i.e. **PROFIREAL Group SE**, with registered office at **Prinses Margrietplantsoen 88, 2595 BR, The Hague, the Netherlands**, which is the Company’s controlling entity having a decisive influence on managing the Company. In relation to this shareholder, the Company is an entity controlled through decisions made at the General Meeting.

Other parties directly controlled by the controlling entity are **PROFI CREDIT Bulgaria EOOD**, with registered office at 49 Bulgaria Blvd., 1404 Sofia, **PROFI CREDIT POLSKA S.A.**, with registered office at Browarna 2, 43-300 Bielsko-Biala, **PROFI CREDIT Poland Sp. z o.o.**, with registered office at Browarna 2, 43-300 Bielsko-Biala, **PROFIDEBT Polska Sp. z o.o.**, with registered office at Browarna 2, 43-300 Bielsko-Biala, **PROFIDEBT Bulgaria EOOD**, with registered office at 49 Bulgaria Blvd., 1404 Sofia, **PROFI Consulting s.r.o.**, with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, **PROFI Investment NL N.V.**, with registered office at Prinses Margrietplantsoen 88, 2595 BR, The Hague, **PROFI Investment BG B.V.**, with registered office at Prinses



Margrietplantsoen 88, 2595 BR, The Hague, **PROFI Funding B.V.**, with registered office at Prinses Margrietplantsoen 88, 2595 BR, The Hague.

Another party with external equity participation indirectly controlled by the controlling entity is **FLEXI FINANCE ASIA INC.**, with registered office at 3rd Floor, Right Wing CIFIC Tower, NRA, Cebu City, Philippines 6000; **VETTORE ENTERPRISES INC.**, with registered office at 3rd Floor, Right Wing CIFIC Tower, NRA, Cebu City, Philippines 6000; and **PGJT B.V.**, with registered office at Prinses Margrietplantsoen 88, 2595 BR, The Hague. In addition, a party indirectly controlled is **LLC MCC PROFIREAL**, with registered office at Ligovsky prospect Office 266, 196084 Saint-Petersburg.

Other parties related to the controlling entity are: DTMR Management SICAV p.l.c., Registered Office, Vision Exchange Building, Territorials Street, Mriehel, Birkirkara, BKR 3000, Southstream Malta Ltd., Registered Office, Vision Exchange Building, Territorials Street, Mriehel, BKR 3000, XEVA MEZZANINE FINANCE LTD, Kiriakou Matsi, 16, Eagle House, 3rd Floor, 1082, Nicosia, PROFI CREDIT Slovakia, s.r.o. , with its registered office at Pribinova 25, 824 96 Bratislava, Southstream, a.s., with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, Silversouth, a.s., with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, Strongwest, a.s., with registered office at Pernštýnské nám. 80, 530 02 Pardubice - Staré Město, and TH Real, a.s. with registered office at Thunovská 192/27, 118 00 Prague 1 – Malá Strana.

During the reporting period concerned, i.e. from 1 January 2018 to 31 December 2018, no acts were performed at the instigation or in the interest of the controlling entity or entities controlled by the controlling entity in relation to assets exceeding 10% of the Company's equity as determined according to the most recent set of financial statements.

**Overview of agreements concluded between the Company and PROFIREAL Group SE or between entities controlled by the controlling entity:**

In the reporting period 2018, the Company performed the following agreements concluded with **PROFIREAL Group SE** as an entity controlling the Company:

General agreement for consultancy services I. dated 21 December 2007

General agreement for consultancy services II. dated 21 April 2008

General credit agreement no. PCT/PG/11/2011 dated 16 November 2011, as amended by later amendments

Agreement on remuneration for guarantee dated 30 September 2010

Remuneration agreement for the guarantee dated 23 June 2011, as amended by later amendments

Remuneration agreement for the guarantee dated 16 September 2013

Remuneration agreement for the guarantee dated 24 October 2014

Remuneration agreement for the guarantee dated 18 February 2016

The following agreements were concluded or performed by the Company and other parties controlled by the controlling entity until 31 December 2018:

**with PROFI CREDIT Sp. z o.o., whose legal successor is Profi Credit Polska S.A. as of 26 February 2015**

Licence agreement for use of a trademark dated 18 December 2008, as amended by later amendments

General agreement for consultancy services dated 15 January 2006, as amended by later amendments

General agreement for services related to the operation and development of MIS dated 1 August 2010 as amended by later amendments

**with PROFI CREDIT Bulgaria EOOD**

Licence agreement for use of a trademark dated 22 December 2008, as amended by later amendments

General agreement for consultancy services dated 15 January 2006, as amended by later amendments

General agreement for services related to the operation and development of MIS dated 26 May 2010 as amended by later amendments

**with PROFİ FUNDING B.V.**

The loan contract dated 19 September 2018

**with PROFİ Consulting, s.r.o.**

Agreement of lease non-residential premises dated 4 September 2001

Agreement for services dated 4 September 2001, as amended by later amendments

Agreement for services dated 1 September 2006

**with LLC MCC PROFIREAL**

IT service agreement dated 31 March 2013

Master service agreement dated 1 January 2014

**with PROFİ CREDIT Slovakia, s.r.o.**

General agreement for consultancy services dated 15 January 2006

General agreement for consultancy services dated 31 December 2014

General agreement for services related to the operation and development of MIS dated 1 February 2010, as amended by later amendments

Assignment contract for the provision of Collection Call Centre services dated 1 October 2018

Licence agreement for use of a trademark dated 9 February 2009, as amended by later amendments

**with Southstream, a.s.**

Agreement of lease non-residential premises dated 1 January 2009

**with TH Real, a. s.**

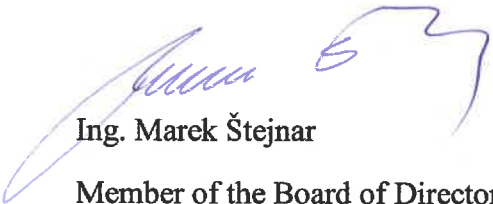
Agreement of lease of a transport vehicle dated 13 November 2013

The above-mentioned agreements were concluded in compliance with the applicable legal regulations. The agreements were concluded for prices and under conditions customary in business relations in the given place and time. The Company suffered no detriment as a result of the conclusion of the aforesaid agreements.


The Company has assumed a key role in PROFIREAL Group SE chiefly as a result of providing the other companies with the trademark PROFİ CREDIT and consultancy services, along with the effective management of cash flows within the whole group.

In the relations between the aforesaid parties, advantages prevail owing to the membership in the internationally operating PROFIREAL Group SE. The most important advantages include: unified conceptual management and unified policy designed for business activities, shared know-how, methodology, control mechanisms and collaboration between individual member companies. The long-term collaboration, thorough knowledge of the given sphere and quality of services provided by PROFIREAL Group SE all contribute to reaffirming the trust in the market of consumer credits. The Company suffered no detriment from the above relations.

In Prague on 31 January 2019



Ing. Marek Štejnár  
Member of the Board of Directors



Ing. Pavel Klema  
Member of the Board of Directors

## 9. CONTACTS

**Trade name of the Company:**

PROFI CREDIT Czech, a.s.

**Registered office:**

Klimentská 1216/46

Nové Město

110 00 Prague 1

**Mailing address:**

nábřeží Závodu míru 2738–9

530 02, Pardubice

**Legal form:**

joint-stock company [akciová společnost]

**Company Identification Number:**

61860069

**Tax Identification Number:**

CZ61860069

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