MYC4 A/S

ANNUAL REPORT

2014

CVR 29 60 38 63

MYC4 A/S

Annual Report 2014

Contents

1. MYC4 – Eradicating Poverty through Business

Africa is among the world's most rapidly growing economic regions, with real GDP rising 5 percent per year since 2000. MYC4 is a solution to the paradigm that Africa represents an enormous untapped business potential, yet investment opportunities in Africa are hard to access due to incomplete financial markets, with 80% of the adult African population having no bank account.

MYC4 is an online Peer-to-Peer platform providing loans at fair price to micro- and small businesses in Africa and social- as well as economical return to the funding investors. MYC4 is matching people with need for capital and people with means to invest, fueled by:

- enabling African business to attract capital at market conditions and grow their business
- providing Investors access to risk/return adjusted investments with social impact

The online platform is built around a network of African Financial Partners who are responsible for identifying and screening for sound businesses as well as handling all financial transactions. The Partners are incentivized to provide best possible economic prospects for return to Investors and simultaneously social impact.

MYC4 is a business, based on servicing volumes of loans via the online platform. MYC4 charges a fee and an interest to the African Business for providing the loan and facilitating the financial transactions.

Our **vision** is to end poverty through business. We want to ensure that everyone has access to capital and knowledge on equal terms.

Our **mission** is to create prosperity for all by using modern technologies to bridge the gap between people with needs and people with means. We want to ignite entrepreneurship and fuel business potential across cultures and continents.

2. Company Details

Company

MYC4 A/S
Sankt Annæ Plads 19A,2.
DK-1250 Copenhagen K

Central Business Registration No: 29 60 38 63
Registered in Copenhagen

Internet: www.myc4.com

Company Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Board of Directors
Niels B. Thuesen, Chairman
Steven Thomas
Tim Vang
Lukas Wellen
Iris Ollivault
Derek Saleeby

Executive Management
Mads Kjær, CEO and Co-founder

The General Annual Meeting adopted the Annual Report on May 15, 2015

Chairman of the General Annual Meeting

Niels B. Thuesen

3. Management's statement

The Executive and Supervisory Board have today considered and adopted the Annual Report of MYC4 A/S for the financial year January 1 to December 31, 2014.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. In our opinion, the Financial Statements give a true and fair view of the financial position at December 31, 2014 and of the results of the Company operations for 2014.

The Annual Report is presented in English, which is the language applied in the Company in accordance with the Articles of Association.

We consider the Management Review to give a fair presentation of the development in MYC4's activities and finances, profit and loss for the year, its financial position as a whole as well as a description of the most material risks and elements of uncertainty facing MYC4.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 08 April 2015

Executive Management

Mads Kjær
CEO

Board of Directors

Niels B. Thuesen
Chairman

Tim Vang

Lukas Wellen

Steven Thomas

Iris Ollivault

Derek Saleeby

4. Independent Auditor's Report

To the Shareholders of MYC4 A/S

Report on the Financial Statements

We have audited the Financial Statements of MYC4 for the financial year 1 January – 31 December 2014, which comprise income statement, balance sheet, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Financial Statements.

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

The audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2014 and of the results of the Company operations for the financial year 1 January - 31 December 2014 in accordance with the Danish Financial Statements Act.

Emphasis of matters concerning issues in the annual report

We draw attention to note 5 "Equity" to these financial statements on equity and funding, which explains the assumption for the preparation of the Financial Statement on a going concern basis. Our opinion is not qualified in respect of this matter.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Financial Statements.

Hellerup, 08 April 2015

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

Benny Voss

State Authorised Public Accountant

5. Management Review

5.1 Main Activities 2014

Since 2010 MYC4 has steadily improved the business processes and streamlined organization with an increasing revenue and reducing costs. We have moved most of our operations to Kenya where we in 2013 established MYC4 (EA) Limited as a 100% owned subsidiary of MYC4 A/S. In 2014 we further downscaled operations in Denmark where we now have no more employees.

From 2010 the business have been focusing on East Africa specifically targeting Kenya, Uganda and Tanzania. The cooperation with our loan providers and the quality of our loan portfolio were steadily improving up to end of 2013.

In March 2014 we started facing difficulties with regulatory issues related to repayments of loans from Tanzania and simultaneously our partners in Uganda faced other challenges in their businesses so our volume with them were diminishing. This led us to a strategic decision taken in April 2014 to stop further lending to Tanzania and Uganda and work on collections only from these countries, whereas our focus for new growth was put on Kenya.

In May 2014 our biggest business partner Kenya Entrepreneurship Empowerment Foundation (KEEF) faced some internal fraud cases on part of their loan portfolio for which reason they informed that they stopped further lending and collection activities for some months while investigations were ongoing. The fraud cases were concluded to be limited in scale where after KEEF decided to restart the activities but faced serious troubles in reactivating the business. Most of MYC4's loan portfolio with KEEF totaling 836,000 EUR has defaulted and legal disputes have started.

Also in 2014 we faced defaults on loans with two other providers, Milango (Kenya) and Mtaji (Tanzania) with 74,000 EUR each. We are cooperating with these about repayments

For more details reference is made to our website WWW.MYC4.COM.

It is noted that the defaulted loans are losses for the investors on MYC4.COM. The company MYC4 A/S will face lack of future revenues, as we will miss the commissions on the defaulted repayment of loans.

5.2 Challenges for 2015

These above mentioned defaults are so serious for our business that we in March 2015 have decided to take timeout for uploads of new loans and we have disabled the possibilities for investors to upload further money to the MYC4.COM platform.

Our focus in 2015 will be on solving disputes and collecting as much as possible of the outstanding loan portfolio to secure the best interest of the investors on MYC4.COM. A reactivation of business will be pending a review of the business model and procedures.

5.3 Financials for MYC4 A/S

For 2014 MYC4 A/S generated a loss of DKK 1.619.135 which is in line with expectations. The loss has been funded by a loan from the majority shareholder The Way Forward ApS.

For 2015 we expect a bigger loss due to lack of Revenues. The Way Forward ApS has committed to fund the expected cash needs for payment of operational expenses for the coming year and settlement of debt appearing in the Annual report 2014 within a total amount of EUR 600,000. We believe this will secure the company as a going concern at least until the Annual General Meeting in 2016.

5.4 Other events after the Balance Sheet Date

No further events have occurred after the balance sheet date to this date, which would influence the Annual report.

6. Accounting Policies

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C enterprises.

The accounting policies applied for this annual report is consistent with those applied last year.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement. Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

6.2 Income statement

Revenue

Revenue is taken to income as the customer's pays the fees.

Other external expenses

Other external expenses comprise expenses for sale, marketing, administration, premises, bad debts, etc.

Other external expenses also include research costs, costs of development projects that do not meet the criteria for recognition in the balance sheet.

Staff costs
Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc for the Company's staff.

Financial income and expenses
These items comprise interest income and expenses, realized and unrealized capital gains and losses on payables and transactions in foreign currencies, as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme. Interest expenses and other financial expenses for manufacturing assets are not included in the cost of assets, but are recognized in the income statement as incurred.

Income taxes
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year.

The current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

The Company is jointly taxed with its Parent and the entire Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

6.3 Balance sheet

Intangible assets
Intangible assets comprise uncompleted and completed development projects. Other intangible assets comprise uncompleted and completed development projects with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognized as intangible assets. Other development costs are recognized as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortization that are directly and indirectly attributable to the development projects. Financing costs are not included in cost.

Completed development projects are amortized on a straight-line basis using the estimated useful lives of the assets. The amortization period is five years.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation. Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. Financing costs are recognized in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets: Other fixtures and fittings, tools and equipment: 3-5 years.

Equipment is written down to the lower of recoverable amount and carrying amount.

Investments in subsidiaries
Investments in subsidiaries are recognized and measured under the Equity method.

The items "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprise calculated on the basis of the fair values of identifiable net assets at the balance sheet date.

Receivables
Receivables are measured at amortized cost, usually equaling nominal value less provisions for bad debts.

Dividends
Dividends are recognized as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item in equity.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments.

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Lease commitments
Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

7. Income Statement for 2014

	Notes	2014 DKK	2013 DKK'000
Revenue		1.096.945	1.920
Other income		44.000	93
Staff costs	1	(543.946)	(1.339)
Other external expenses		(1.724.633)	(2.403)
Depreciations	2	(167.152)	(976)
Operating profit/loss		**(1.294.786)**	**(2.705)**
Share of Profit/Loss in Subsidiary		(496.598)	(177)
Financial income		0	5
Financial expenses		(20.751)	(49)
Profit/loss before tax		**(1.812.135)**	**(2.925)**
Tax on profit/loss regarding previous year	3	193.000	716
Tax on profit/loss for the year	3	0	0
Net profit/loss for the year		**(1.619.135)**	**(2.209)**
Proposed distribution of profit/loss			
Retained earnings		(1.619.135)	(2.209)
		(1.619.135)	(2.209)

8. Balance sheet at 31 December 2014

	Notes	2014 DKK	2013 DKK'000
Development costs	4	0	167
Intangible assets		**0**	**167**
Other fixtures and fittings, tools and equipment	4	0	0
Property, plant and equipment		**0**	**0**
Investments in Subsidiary	4	32.162	51
Investments in Subsidiary		**32.162**	**51**
Fixed assets		**32.162**	**218**
Trade receivables		90.039	147
Receivables on Group enterprises		0	98
Other receivables		259.268	158
Receivables		**349.307**	**403**
Cash		**84.192**	**688**
Current assets		**433.499**	**1.091**
Assets		**465.661**	**1.309**

8. Balance sheet at 31 December 2014 continued

	Notes	2014 DKK	2013 DKK'000
Share capital		11.244.680	11.245
Retained earnings		(13.343.219)	(11.749)
Equity	5	**(2.098.539)**	**(504)**
Loan from Group Entreprises		1.291.070	0
Long-term liabilities		**1.291.070**	**0**
Payables to Group enterprises		28.141	126
Other payables		1.244.989	1.687
Short-term liabilities		**1.273.130**	**1.813**
Equity and liabilities		**465.661**	**1.309**

Contingent liabilities, etc.	6
Other notes	7-8

Notes

1. Staff costs

	2014 DKK	2013 DKK'000
Salaries and wages	470.239	1.241
Other social security costs	73.707	98
	543.946	**1.339**

2. Depreciation

	2014 DKK	2013 DKK'000
Development costs	167.152	976
Other fixtures and fittings, tools and equipment	0	0
	167.152	**976**

3. Tax on profit/loss

The Company has a deferred tax asset relating to losses in 2006-2014. The deferred tax asset is not recognized in the balance sheet, cf. accounting policies.

Revenues from associated companies for their use of the Company's tax losses are reported as Tax on profit/loss regarding previous year.

	2014 DKK	2013 DKK'000
Tax on profit/loss for the year:		
Current tax	0	0
Change in deferred tax	0	0
Change in deferred tax as a result of the reduction in the income tax rate	0	0
	0	**0**

Notes continued

4. Fixed assets	Development costs DKK	Other fixtures etc. DKK	Investments in Subsidiary DKK
Cost at 01.01.2014	11.465.696	544.612	230.785
Additions	0	0	453.742
Disposal	0	0	0
Cost at 31.12.2014	**11.465.696**	**544.612**	**684.527**
Depreciation at 01.01.2014	**11.298.544**	544.612	**180.090**
Depreciation / write down for the year	167.152	0	496.598
Exchange rate adjustments	0	0	(24.323)
Depreciation disposal	0	0	0
Depreciation at 31.12.2014	**11.465.696**	**544.612**	**652.365**
Carrying amount at 31.12.2014	**0**	**0**	**32.162**

Investments in Subsidiary are 100% of the shares in MYC4 (EA) Limited, Kilimani Business Centre Kirichwa Road P.O. Box 24050, 00100 Nairobi, Kenya founded in 2013.

5. Equity	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 01.01.2014	11.244.680	(11.748.407)	(503.727)
Capital increase	0	0	0
Exchange rate adj. of Investments in Subsidiary	0	24.323	24.323
Profit/loss for the year	0	(1.619.135)	(1.619.135)
Equity at 31.12.2014	**11.244.680**	**(13.343.219)**	**(2.098.539)**

The biggest shareholder The Way Forward ApS has undertaken to make available to MYC4 A/S funding of an amount up to 600,000 EUR, which according to the company's budget is assumed to secure the expected needs for Cash for the next year according to the Company's budget. Considering this undertaking by the majority shareholder to support the company financially the Board finds that the company should continue its operations to collect as much as possible of the outstanding loan portfolio to secure the best interest of the investors on MYC4.COM. The possibilities for generating profits and reestablishing the Equity in future is depending on the collection of outstanding loan portfolio on MYC4.COM, redesign of some business processes and a successful reactivation of business.

Notes continued

Share capital consists of shares at DKK 10 or multiples of these. The shares have not been divided into classes.

Changes in share capital since the Company's establishment on 19.05.2006 are:

Contribution on establishment	500.000
Capital increase 2006	1.240.000
Capital reduction 2006 to cover loss	(300.000)
Capital increase 2007	2.400.000
Capital increase 2008	1.024.000
Capital increase 2009	614.050
Capital increase 2011	157.290
Capital increase 2012	2.817.670
Capital increase 2013	2.791.670
Share capital at 31.12.2014	**11.244.680**

6. Contingent liabilities, etc.

The Company has no contingent liabilities at the reporting date.

The issue of defaulted loans are losses for the investors on MYC4.COM. The company MYC4 A/S does not expect to suffer direct losses from this but will face lack of future revenues, as we will miss the commissions on the defaulted repayment of loans.

7. Ownership and related parties

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

The Way Forward ApS, Skt. Annæ Plads 19A, 2., DK-1250 Copenhagen K
Kjaer Group A/S, Groennemosevej 6, DK-5700 Svendborg
casa-share ApS, Madvigs Allé 10, 3. tv., DK-1829 Frederiksberg C

MYC4 A/S is working closely together with MYC4 Foundation, Skt. Annæ Plads 19A, 2., DK-1250 Copenhagen K. MYC4 Foundation is an independent, self-owned fund administering deposited funds received from investors, who wish to invest via the MYC4 A/S platform.

8. Consolidation

MYC4 A/S is included in the consolidated financial statements of The Way Forward ApS, Sankt Annæ Plads 19A,2., DK-1250 Copenhagen K, Central Business Registration No 25 47 31 59. The consolidated financial statements can be ordered from Erhvervsstyrelsen, Langelinie Alle 17, 2100 København Ø, Denmark or on www.erhvervsstyrelsen.dk.