
Lendino A/S

Applebys Plads 7, DK-1411 København K

Annual Report for 1 January - 31 December 2017

CVR No 35 65 41 35

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/04 2018

Esben Bistrup Halvorsen
Chairman



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Lendino A/S for the financial year 1 January - 31 December 2017.

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 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København, 20 April 2018

Executive Board

Esben Bistrup Halvorsen
CEO

Nils Thygesen
Executive Officer

Andreas Helgason Rex
Executive Officer

Board of Directors

Torben Nordal Clausen
Chairman

Esben Bistrup Halvorsen

Andreas Helgason Rex

Morten Schantz

Stefan Glaenzer

Independent Auditor's Report

To the Shareholder of Lendino A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lendino A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Trekantområdet, 20 April 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Steffen Kjær Rasmussen

statsautoriseret revisor

mne9867

Company Information

The Company

Lendino A/S
Applebys Plads 7
DK-1411 København K
Website: www.lendino.dk

CVR No: 35 65 41 35
Financial period: 1 January - 31 December
Municipality of reg. office: København

Board of Directors

Torben Nordal Clausen, Chairman
Esben Bistrup Halvorsen
Andreas Helgason Rex
Morten Schantz
Stefan Glaenzer

Executive Board

Esben Bistrup Halvorsen
Nils Thygesen
Andreas Helgason Rex

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Management's Review

Financial Statements of Lendino A/S for 2017 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

Lendino provides loans to smaller companies. The dissemination is made directly between Lendino's base of private and professional lenders and creditworthy borrowers and is facilitated by the company's internally developed IT platform. The IT platform is further used for Netværkslån and other loan and reward based activities for external customers. Coop became Lendino's first whitelabel customer and is a strong reference for further expansion into the "Crowdfunding platform as a service" area. Lendino was founded in 2014 with a vision to make it easier, cheaper and quicker to borrow and simultaneously create an attractive investment possibility for lenders.

Development in the year

The company achieved further capitalisation of the comprehensive marketing efforts initiated in 2014. The lender base is continuously growing and now comprises more than 4.500 registered lenders whereof about 1.500 are actively investing. This is a further solid growth from last year's level. Accumulated 250 provided loans and an accumulated volume of well above DKK 70M since inception similarly represent a robust improvement during the year. The loans provided are funded with increasing speed and often within a few minutes. This we perceive as strong confidence in crowdlending generally and Lendino specifically. In order to satisfy our customers' needs, we launched an automatic investment agent so that lenders can automate their investments based on certain criteria for credit class, duration, interest and investment amount. In connection with our customers' strong support for Lendino, we gradually generate a track record on our borrowers' payment history. Preliminarily, we can ascertain that default rates and estimated losses evolve within the expected limits.

In Q3, the company moved to a new location, Copenhagen Fintech Lab, which is a hub for fintech startups. The management expects this location to contribute with synergies in further development of the company.

The annual result improved from a deficit of DKK 2.138k in 2016 to a deficit of DKK 879k in 2017. Equity amounts to DKK 1.813k after transfer of deficit for the year.

Capital resources

In Q2, the company completed a capital increase and welcomed three new shareholders, including Morten Schantz who also became a member of the Board. Morten is a founder and working chairman in Festina Finance A/S, which develops software for client advisors in the banking industry. Previously, he founded Schantz A/S (now Keylane) which develops software for the insurance and pension sector.

Management's Review

Targets and expectations for the year ahead

In 2018, Lendino plans to complete a capital increase to fund an increased focus on selling the “crowdfunding platform as a service” solution. The solution is ready for the global market, and a number of dialogues with potential customers in both Denmark and abroad are currently taking place. The intention is that this business area shall add significant scalability through highly stable revenue streams.

Basis of earnings

The company's lending business (excluding IT development) is now more or less break-even when it comes to profitability. Further sales and marketing efforts are expected to continue the move towards a profitable business.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
Gross profit/loss		904,389	-850,740
Staff expenses		-1,952,355	-1,285,312
Profit/loss before financial income and expenses		-1,047,966	-2,136,052
Financial income		2,334	5,082
Financial expenses		-3,732	-7,741
Profit/loss before tax		-1,049,364	-2,138,711
Tax on profit/loss for the year	2	170,243	0
Net profit/loss for the year		-879,121	-2,138,711

Distribution of profit

Proposed distribution of profit

Retained earnings		-879,121	-2,138,711
		-879,121	-2,138,711

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Trade receivables		41,750	4,000
Other receivables		645,572	673,713
Corporation tax		135,264	0
Prepayments		<u>41,720</u>	<u>41,019</u>
Receivables		<u>864,306</u>	<u>718,732</u>
Cash at bank and in hand	3	<u>8,936,308</u>	<u>4,358,488</u>
Currents assets		<u>9,800,614</u>	<u>5,077,220</u>
Assets		<u>9,800,614</u>	<u>5,077,220</u>

Balance Sheet 31 December

Liabilities and equity

	Note	2017 DKK	2016 DKK
Share capital		533,834	501,676
Retained earnings		1,278,750	-309,905
Equity	4	1,812,584	191,771
Trade payables		37,219	412,287
Other payables	5	7,950,811	4,473,162
Short-term debt		7,988,030	4,885,449
Debt		7,988,030	4,885,449
Liabilities and equity		9,800,614	5,077,220
Going concern	1		
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Notes to the Financial Statements

1 Going concern

As of the balance sheet date the Company has an equity of DKK 1.8 million. The Company has no debt towards credit institutions and has a positive cash balance of DKK 1.1 million.

As the Company still is in the fase of development, the budget for 2018 shows an expected loss of DKK 1.7 million. In this all costs related to further development of the Lendino Platform has been expensed.

Management expects the existing capital ressources to be adequate to secure the expected operations and investments for 2018. However, to secure the basis for futher growth and development, Management expects to raise new capital in 2018.

In first half of 2018 Management expects to raise in the level of DKK 1.5 million from existing investors and in the second half of 2018 a capital raise towards new investors are being planned. Based on this Management assess the assumption for going concern to be fulfilled and hence prepares the Financial Statements for 2017 under such assumption.

	<u>2017</u> DKK	<u>2016</u> DKK
2 Tax on profit/loss for the year		
Current tax for the year	-135,264	0
Adjustment of tax concerning previous years	-34,979	0
	<u>-170,243</u>	<u>0</u>

3 Cash at bank and in hand

Lenders deposit 1	5,307,362	3,874,336
Lenders deposit 2	2,550,537	0
Other cash at bank and in hand	1,078,409	484,152
	<u>8,936,308</u>	<u>4,358,488</u>

Notes to the Financial Statements

4 Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	501,676	-309,905	191,771
Cash capital increase	32,158	2,467,776	2,499,934
Net profit/loss for the year	0	-879,121	-879,121
Equity at 31 December	<u>533,834</u>	<u>1,278,750</u>	<u>1,812,584</u>

Notes to the Financial Statements

4 Equity (continued)

The share capital consists of 533,834 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2017	2016	2015
	DKK	DKK	DKK
Share capital at 1 January	501,676	501,676	5,000
Capital increase	32,158	0	496,676
Capital decrease	0	0	0
Share capital at 31 December	533,834	501,676	501,676

5 Other payables

	2017	2016
	DKK	DKK
Lenders deposit 1	5,307,361	3,945,801
Lenders deposit 2	2,550,537	0
Other debt	92,913	527,361
	7,950,811	4,473,162

6 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rent commitments	43,336	61,268
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There are no security and contingent liabilities at 31 December 2017.

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Lendino A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2017 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes to the Financial Statements

7 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Cash and Cash equivalent

Cash and cash equivalents comprise the Company's bank deposits, including deposits paid from the Company's IT Platform (lenders).

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debt comprises debt to the IT Platform (lenders) and other debt. Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.