Lendino A/S

Applebys Plads 7, 1411 København K

Company reg. no. 35 65 41 35

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 25 May 2023.

Esben Bistrup Halvorsen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Lendino A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

DK-1411 København K, 26 April 2023

Executive board

Esben Bistrup Halvorsen CEO	Andreas Helgason Rex Executive Officer

Board of directors

Morten Schantz Chairman	Esben Bistrup Halvorsen	Nils Thygesen

Independent auditor's report

To the Shareholders of Lendino A/S

Opinion

We have audited the financial statements of Lendino A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of 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.

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.

Independent auditor's report

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 Financial Statements Act.

Based on the work we have performed, we conclude that Management’s Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management’s Review.

DK-8370 Hadsten, 26 April 2023

Kvist & Jensen
Kvist & Jensen State Authorized Public Accountants
Company reg. no. 36 71 77 85

Ruben Stæhr
State Authorised Public Accountant
mne34327

Company information

The company	Lendino A/S Applebys Plads 7 1411 København K	
	Company reg. no.	35 65 41 35
	Established:	30 January 2014
	Domicile:	
	Financial year:	1 January - 31 December
Board of directors	Morten Schantz, Chairman Esben Bistrup Halvorsen Nils Thygesen	
Executive board	Esben Bistrup Halvorsen, CEO Andreas Helgason Rex, Executive Officer	
Auditors	Kvist & Jensen Statsautoriseret Revisionspartnerselskab	

Management´s review

Description of key activities of the company

Lendino has two main activities:

lendino.dk. Using our crowdlending platform on lendino.dk, we facilitate loans to small companies and private individuals in Denmark from our crowd of private and professional investors. Lendino primarily offers investments in loans secured by collateral in property and a secondary market to trade loan shares. The platform also allows “network loans” where organisations use the platform’s legal setup and payment infrastructure to borrow money exclusively from within their own network. The network feature is also used by “originators”: that is, organisations that repeatedly send loan projects to the platform and make them available to their own crowd as network loans.

Smallbrooks. Our IT solution, Smallbrooks, makes it fast, easy and affordable for organisations to get their own crowdfunding platform. The IT solution is offered internationally, but so far we only have customers in Denmark. Within the Danish borders we also offer a combined solution where the platform is administered under Lendino’s payment service licence with the Danish FSA. More recently, we have added the “originator” feature which allows a single crowdfunding platform to be composed of many small “sub-platforms" that are administered individually by other organisations. Using this feature, we administer two different platforms: one for the Danish municipalities (Crowdfunding Danmark) and one for other organisations (CrowdfundingHub).

Development in activities and financial matters

lendino.dk

Loans under administration on lendino.dk hit an all time high in 2022. This part of the business continues to be profitable. Loan portfolio performance continues to improve despite 2022 being a financially volatile year. Loan origination is almost solely made up of asset backed loans.

The lending business is expected to continue to grow in 2023. The growth is expected to come primarily from loan origination. The year is also expected to be marked by implementation of new EU regulation for crowdlending platforms which was postponed one year.

Smallbrooks

Smallbrooks earns money in two ways: ongoing subscription fees for access to the general IT service “in the cloud” and/or for access to one of the shared originator platforms; and consultancy fees for customer-specific development tasks (including the initial work with setting up a platform for each new customer). The subscription fees are counted as “recurring” whereas consultancy services are counted as “non-recurring”. The non-recurring revenue in 2022 was rather small compared to previous years due to low activity from our customers, but the recurring revenue remains stable. This shows the strength of the business model which is mostly focused on the recurring revenue component.

Management´s review

In 2022 we continued the journey that started in 2021 with an increased focus on specific sectors that we believe are the most scalable and profitable - in Denmark as well as abroad. Indeed, in August 2022 we launched Crowdfunding Danmark: a crowdfunding platform that can be shared by all the Danish municipalities, making it much cheaper and easier for each of them to get and run a crowdfunding platform compared to if they had to develop and maintain one individually. The development of Crowdfunding Danmark is a long-term investment where we don’t earn a lot on each municipality but where, on the other hand, we benefit from economies of scale by only having to develop and maintain a single solution. Aarhus Kommune is the first municipality using the solution, and we are working intensely to get other municipalities to join. The solution, if successful in Denmark, can also be copied to other countries.

Likewise, we have built and will soon launch CrowdfundingHub, a crowdfunding platform that can be shared by all other kinds of organisations. We have a signed contract with the first customer for the platform and will launch their “subplatform” in mid-2023.

Overall, we continue to see Smallbrooks as a very scalable part of the business with a very large potential. The business model is based on long-term relationships and a subscription structure that provides stable, recurring revenue instead of large upfront payments. Thus, Smallbrooks is part of a long-term strategy that continues to contribute very positively to our expectations for the future.

Result
The gross profit for the year totals DKK 1,8m against DKK 2,4m last year. Income or loss from ordinary activities after tax totals DKK -1,8m against DKK -1,9m last year. Management considers the net profit or loss for the year to be expected and satisfactory.

Capital resources
In the last part of 2022 and first part of 2023 we have focused on cost-savings. One action (or rather: non-action) has been not to hire new people after someone has resigned. These precautionary measures aim at not only ensuring sufficient liquidity but also at ensuring sufficient equity in order to live up to the requirements from the EU’s crowdfunding directive that will take effect from November 2023. Indeed, the company should be able to return a result close to zero for 2023 and a profit from 2024, which means that we can maintain and even grow our equity over the coming years.

We are thus confident that we have sufficient liquidity as well as equity to continue the business in the coming years.

Targets and expectations for the year ahead
The lendino.dk part of the business has been profitable since 2021. We expect it to continue to grow and remain profitable in 2023.

The Smallbrooks part of the business is expected to reach break-even in 2023, both due to the abovementioned cost-savings but also due to new customers.

Management´s review

The most important milestones for 2023 are:

- Implementation of the EU’s crowdfunding directive
- Continued focus on a few sectors for the Smallbrooks business.
- Reaching break-even for Smallbrooks (and hence the whole company)
- Increasing profitability of lendino.dk
- Increasing recurring revenue for the whole company

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**1.795.335**	**2.447.021**
1	Staff costs	-3.421.306	-4.055.766
	Operating profit	**-1.625.971**	**-1.608.745**
	Other financial income	12.937	27.641
2	Other financial expenses	-283.272	-359.602
	Pre-tax net profit or loss	**-1.896.306**	**-1.940.706**
	Tax on ordinary results	61.960	-69
	Net profit or loss for the year	**-1.834.346**	**-1.940.775**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-1.834.346	-1.940.775
	Total allocations and transfers	**-1.834.346**	**-1.940.775**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
	Other debtors	197.464	218.231
	Deposits	54.170	54.170
	Total investments	251.634	272.401
	Total non-current assets	**251.634**	**272.401**
	Current assets		
	Trade debtors	483.995	429.889
	Other debtors	15.119	58.705
	Prepayments	65.740	52.069
	Total receivables	564.854	540.663
	Cash and cash equivalents	16.902.978	17.141.922
	Total current assets	**17.467.832**	**17.682.585**
	Total assets	**17.719.466**	**17.954.986**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	625.518	620.311
	Results brought forward	103.242	1.493.501
	Total equity	**728.760**	**2.113.812**
	Liabilities other than provisions		
	Subordinate loan capital	0	143.787
3	Other mortgage debt	1.518.386	1.447.681
	Total long term liabilities other than provisions	1.518.386	1.591.468
	Trade creditors	48.518	85.534
4	Other payables	15.423.802	14.164.172
	Total short term liabilities other than provisions	15.472.320	14.249.706
	Total liabilities other than provisions	**16.990.706**	**15.841.174**
	Total equity and liabilities	**17.719.466**	**17.954.986**

5 Charges and security

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2021	579.026	0	-231.508	347.518
Cash capital increase	41.285	3.665.784	0	3.707.069
Profit or loss for the year brought forward	0	0	-1.940.775	-1.940.775
Transferred to results brought forward	0	-3.665.784	3.665.784	0
Equity 1 January 2022	620.311	0	1.493.501	2.113.812
Cash capital increase	5.207	444.087	0	449.294
Profit or loss for the year brought forward	0	0	-1.834.346	-1.834.346
Transferred to results brought forward	0	-444.087	444.087	0
	625.518	**0**	**103.242**	**728.760**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	3.369.353	4.004.242
	Other costs for social security	28.874	30.199
	Other staff costs	23.079	21.325
		3.421.306	**4.055.766**
	Average number of employees	9	9
2.	**Other financial expenses**		
	Other financial costs	283.272	359.602
		283.272	**359.602**
3.	**Other mortgage debt**		
	Total other mortgage debt	1.518.386	1.447.681
	Share of amount due within 1 year	0	0
	Total other mortgage debt	**1.518.386**	**1.447.681**
	Share of liabilities due after 5 years	125.000	603.200
4.	**Other payables**		
	Payable VAT	209.416	194.234
	Holiday pay obligation, salaried staff	58.628	478.180
	Lenders deposit, Lendino	8.863.172	8.326.546
	Lenders deposit, Smallbrooks	6.269.119	5.149.264
	Other debt	23.468	15.947
		15.423.802	**14.164.172**

Notes

All amounts in DKK.

5. Charges and security

For loans in Vækstfonden (Other mortgage loans), t.DKK 1.518 the company has provided security in company assets representing a nominal value of t.DKK 1.400 per 31. December 2022. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Trade receivables	484

6. Contingencies

Contingent assets

The company has a tax loss of DKK 13,0 million which can be deducted in future positive income. The tax value of the loss is DKK 2.9 million and is not recognized in the balance sheet due to uncertainty as to when it may be used.

Accounting policies

The annual report for Lendino A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, consulting assistance, other operating income, and external costs.

The enterprise will be applying and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments
Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand.

Liabilities other than provisions
Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Morten Schantz

Navnet returneret af dansk MitID var:
Morten Schantz
Bestyrelsesformand
ID: 172b10a4-c8e4-4f10-97c6-8578ea3527c2
CPR-match med dansk MitID
Tidspunkt for underskrift: 03-05-2023 kl.: 08:43:31
Underskrevet med MitID

Esben Bistrup Halvorsen

Navnet returneret af dansk MitID var:
NAVNE & ADRESSEBESKYTTET
Bestyrelsesmedlem
ID: e5a443c8-0a1d-4e5e-aa9e-cb15ffbe005f
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Underskrevet med MitID

Esben Bistrup Halvorsen

Navnet returneret af dansk MitID var:
NAVNE & ADRESSEBESKYTTET
Direktør
ID: e5a443c8-0a1d-4e5e-aa9e-cb15ffbe005f
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Underskrevet med MitID

Nils Thygesen

Navnet returneret af dansk MitID var:
Nils Thygesen
Bestyrelsesmedlem
ID: 0019ca43-6946-4f2e-93cf-2e48617f8ec1
CPR-match med dansk MitID
Tidspunkt for underskrift: 28-04-2023 kl.: 12:23:48
Underskrevet med MitID

Andreas Helgason Rex

Navnet returneret af dansk MitID var:
NAVNE & ADRESSEBESKYTTET
Direktør
ID: 512f266c-461d-4c44-b85f-9e13fd162333
CPR-match med dansk MitID
Tidspunkt for underskrift: 27-04-2023 kl.: 14:47:10
Underskrevet med MitID

Ruben Stæhr

Navnet returneret af dansk NemID var:
Ruben Stæhr Pedersen
Revisor
ID: 39885592
CVR-match med dansk NemID
Tidspunkt for underskrift: 03-05-2023 kl.: 09:27:12
Underskrevet med NemID

Esben Bistrup Halvorsen

Navnet returneret af dansk MitID var:
NAVNE & ADRESSEBESKYTTET
Dirigent
ID: e5a443c8-0a1d-4e5e-aa9e-cb15ffbe005f
CPR-match med dansk MitID
Tidspunkt for underskrift: 25-05-2023 kl.: 16:28:54
Underskrevet med MitID