



**COMPANY'S FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2017  
PREPARED IN ACCORDANCE  
WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS AS ADOPTED BY  
THE EUROPEAN UNION**

**CONTENTS**

<b>STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT</b>	<b>3</b>
<b>INFORMATION ON THE COMPANY</b>	<b>4</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>5</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>6</b>
<b>STATEMENT OF CASH FLOW</b>	<b>7</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>8</b>

**Statement by Management on the annual report**

The Executive Board has today discussed and approved the annual report of Mozipo ApS for the financial year 1 January - 31 December 2017.

The annual report has been prepared in accordance with the International Financial Reporting Standards.

In my opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

In my opinion, Management's review includes a fair review of the matters dealt with in the Management's review.

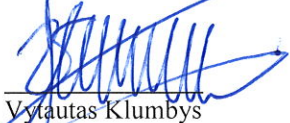
The Management recommend the annual general meeting, that the annual report for 2017 should not be audited. The Management consider the conditions to refrain the audit for compliance.

The annual report have not been audited, the Management declare, that the conditions are met.

I recommend the adoption of the annual report at the annual general meeting.

28 April 2018

**Executive Board**

  
Vytautas Klumbys

**INFORMATION ON THE COMPANY**

Name of the Company	Mozipo ApS
Legal status of the Company	Limited liability company
Registration No.	36892137
Registered address	Langebrogade 5, 1411 København K
Major shareholders	Mozipo Holding Limited, Cyprus
Financial year	from 2017.01.01 to 2017.12.31
Information on subsidiary companies	No subsidiaries
Core business activity	Financial company providing simple and fast financial services



**STATEMENT OF COMPREHENSIVE INCOME**

	Note	As at 31 December 2017	As at 31 December 2016
Interest income		12.015.756	225.482
Interest expenses		(2.500.462)	(7.051)
<b>Net interest expenses</b>		<b>9.515.294</b>	<b>218.431</b>
(Impairment) of interest bearing assets or its reversals	4	(10.199.908)	(29.374)
<b>Net interest expenses after impairment</b>		<b>(684.614)</b>	<b>189.057</b>
Wages and bonuses		(460.804)	-
Tax and commissions (expenses)		(59.825)	(107.988)
Advertising, marketing and representation		(2.020.860)	(77.448)
Rent, repairs and maintenance		(244.263)	(75.224)
Depreciation and amortization		(5.880)	-
Other (expenses)	10	(3.318.061)	(772.315)
<b>Operating (expenses)</b>		<b>(6.109.693)</b>	<b>(1.032.975)</b>
Income (expense) from financial activity		(48.154)	3.856
Other activity (expenses)		-	(1.749)
<b>Profit or loss before income tax</b>		<b>(6.842.461)</b>	<b>(841.811)</b>
Income tax	11	1.516.091	178.726
<b>Net profit (loss)</b>		<b>(5.326.370)</b>	<b>(663.085)</b>
Other comprehensive income (expenses), net of tax		-	-
<b>Total comprehensive income (expenses), net of tax</b>		<b>(5.326.370)</b>	<b>(663.085)</b>

The accompanying notes are an integral part of these financial statements.

These financial statement were appoved on 28<sup>th</sup> April, 2018. These financials statements are approved and signed on behalf of the Company by:

General Manager	Vytautas Klumbys
Chief Accountant	Karolina Lukšienė



**STATEMENT OF FINANCIAL POSITION**

	Note	As at 31 December 2017	As at 31 December 2016
<b>ASSETS</b>			
Cash and cash equivalents	3	1.163.899	61.006
Loans granted and receivables	4	14.815.252	2.200.877
Prepayments	5	56.779	53.812
Prepaid income tax		-	-
Other current assets and receivables from related parties		775.548	-
Deferred income tax asse	11	1.697.035	180.944
Intangible assets		-	-
Property, plant and equipment	6	21.049	-
<b>Total assets</b>		<b>18.529.562</b>	<b>2.496.639</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Payables and liabilities</b>			
Financial debts	7	22.007.965	676.418
Financial lease		-	-
Trade payables	8	281.604	246.518
Payable income tax		-	-
Other payables	9	137.312	144.652
<b>Total payables and liabilities</b>		<b>22.426.881</b>	<b>1.067.588</b>
<b>Equity</b>			
Share capital	1	700.000	700.000
Share premium		1.400.000	1.400.000
Legal reserve		-	-
Retained earnings		(5.997.319)	(670.949)
<b>Total equity</b>		<b>(3.897.319)</b>	<b>1.429.051</b>
<b>Total equity and liabilities</b>		<b>18.529.562</b>	<b>2.496.639</b>

The accompanying notes are an integral part of these financial statements.

These financial statement were appoved on 28<sup>th</sup> April, 2018. These financials statements are approved and signed on behalf of the Company by:

General Manager

Vytautas Klumbys

Chief Accountant

Karolina Lukšienė

**STATEMENT OF CASH FLOW**

	Note	As at 31 December 2017	As at 31 December 2016
<b>Cash flow from operating activities</b>			
Net profit (loss)		(5.326.370)	(663.085)
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation	6	5.880	-
Change in impairment	4	10.199.908	29.374
Change in accrued expenses		42.767	50.516
Change in deferred income tax	11	(1.516.091)	(178.726)
Elimination of interest		2.489.727	
		<b>5.895.821</b>	<b>(761.921)</b>
<b>Changes in working capital:</b>			
(Increase) in loans granted and receivables		(22.814.283)	(2.230.251)
(Increase) decrease in prepayments		(135.269)	(46.615)
Increase (decrease) in trade payables and other payables		(113.012)	-
Increase (decrease) in trade payables and other payables		(87.825)	337.005
<b>Net cash flows from (to) operating activities</b>		<b>(17.254.568)</b>	<b>(2.701.782)</b>
<b>Cash flow from (to) investing activities</b>			
Acquisition of property, plant, equipment and intangible assets	6	(26.929)	-
Loans issued		(446.696)	-
<b>Net cash flow from (to) investing activities</b>		<b>(473.625)</b>	<b>-</b>
<b>Cash flow from (to) financing activities</b>			
Received borrowings		19.588.764	669.366
Repayment of borrowings		(757.678)	-
<b>Net cash flow from (to) financing activities</b>		<b>18.831.086</b>	<b>669.366</b>
<b>Net (decrease) increase in cash flows</b>		<b>1.102.893</b>	<b>(2.032.415)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>61.006</b>	<b>2.093.421</b>
<b>Cash and cash equivalents at the end of the year</b>	3	<b>1.163.899</b>	<b>61.006</b>
<b>Interest cash flow from financing and investment activities:</b>			
Interest paid		14.484	-
Interest received		3.607.932	-
Dividend paid		-	-

The accompanying notes are an integral part of these financial statements.

These financial statement were appoved on 28<sup>th</sup> April, 2018. These financials statements are approved and signed on behalf of the Company by:

General Manager	Vytautas Klumbys
Chief Accountant	Karolina Lukšienė



# STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Retained earnings	Total equity capital
<b>Balance as at 1 January 2016</b>	<b>700000</b>	<b>1400000</b>	-	(7.864)	2.092.136
Issue of shares			-	-	
Net profit			-	(663.085)	(663.085)
Other comprehensive income	-	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>700.000</b>	<b>1.400.000</b>	-	(670.949)	1.429.051
Net profit	-	-	-	(5.326.370)	(5.326.370)
Other comprehensive income	-	-	-	-	-
Transfers to legal reserve	-	-	-	-	-
Dividends declared	-	-	-	-	-
Increase of share capital	-	-	-	-	-
<b>Balance as at 31 December 2017</b>	<b>700.000</b>	<b>1.400.000</b>	-	(5.997.319)	(3.897.319)

The accompanying notes are an integral part of these financial statements.

These financial statement were appoved on 28<sup>th</sup> April, 2018. These financials statements are approved and signed on behalf of the Company by:

General Manager

Vytautas Klumbys

Chief Accountant

Karolina Lukšienė





## NOTES TO THE FINANCIAL STATEMENTS

### **1 General information**

Mozipo ApS (hereinafter the Company) is a private limited liability company registered in the Kingdom of Denmark. The address of its registered office is as follows:

Langebrogade 5  
1411 Compenhagen

The Company is engaged in financial service rendering (consumer loans). The Company was registered on 7 April 2015.

Shareholders of the Company as at 31 December 2017 and 2016:

	As at 31 December 2017		As at 31 December 2016	
	Number of shares held	Shares owned	Number of shares held	Shares owned
Mozipo Holding Limited	7.000	100.00%	7.000	100.00%
Total	7.000	100.00%	7.000	100.00%

The Company's shareholder Mozipo Holding Limited is a private limited company registered in the Republic of Cyprus. The address of its registered office on the financial reports preparation day is 182, Arch. Makarios III Avenue, EURIPIDES BUSINESS CENTER, 3027 Limassol, Cyprus.

All shares of the Company were issued, subscribed and fully paid as at 31 December 2016. As at 31 December 2016, the Company did not hold its own shares. The Company's shares are not publicly traded.

The Company does not have any affiliates and representative offices.

As at 31 December 2017, the Company had 4 employees.

The Company's management authorised these financial statements on 28<sup>th</sup> April, 2018. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

### **2 Accounting principles**

The main accounting principles adopted in preparing the Company's financial statements for 2017 December 31 are as follows:

#### **2.1. Compliance confirmation**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

#### **2.2. Basis for preparation**

The financial statements have been prepared on the historical cost basis.

#### ***Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations***

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2017:

- **IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)**

The objective of the Amendments is to clarify the requirements of deferred tax assets for unrealized losses in order to address diversity in practice in the application of IAS 12 Income Taxes. The specific issues where diversity in practice existed relate to the existence of a deductible temporary difference upon a decrease in fair value, to recovering an asset for more than its carrying amount, to probable future taxable profit and to combined versus separate assessment.

- **IAS 7: Disclosure Initiative (Amendments)**

The objective of the Amendments is to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Amendments specify that one way to fulfil the disclosure requirement is by providing a tabular reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes

*Standards issued but not yet effective*

The Company has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorization of these financial statements for issue, but which are not yet effective:

- **IFRS 9 Financial Instruments: Classification and Measurement**

The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The management has not yet evaluated the impact of the implementation of this standard

- **IFRS 15 Revenue from Contracts with Customers**

The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The management has not yet evaluated the impact of the implementation of this standard

- **IFRS 15: Revenue from Contracts with Customers (Clarifications)**

The Clarifications apply for annual periods beginning on or after 1 January 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 *Revenue from Contracts with Customers*, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. The management has not yet evaluated the impact of the implementation of this standard.

- **IFRS 16: Leases**

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a



contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The management has not yet evaluated the impact of the implementation of this standard

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligations and for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. These Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IAS 40: Transfers to Investment Property (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IFRS 9: Prepayment features with negative compensation (Amendments)**

The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests

that arise from applying IAS 28. These Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)**

The Amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IFRIC INTERPETATION 22: Foreign Currency Transactions and Advance Consideration**

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation has not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

The IASB has issued the **Annual Improvements to IFRSs 2014 – 2016 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12 Disclosure of Interests in Other Entities and on or after 1 January 2018 for IFRS 1 First-time Adoption of International Financial Reporting Standards and for IAS 28 Investments in Associates and Joint Ventures. Earlier application is permitted for IAS 28 Investments in Associates and Joint Ventures. These amendments will not have any impact on the financial statements of the

➤ **IFRS 12 Disclosure of Interests in Other Entities:** The amendments clarify that the disclosure requirements in IFRS 12, other than those of summarized financial information for subsidiaries, joint ventures and associates, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale, as held for distribution, or as discontinued operations in accordance with IFRS 5.

➤ **IFRS 1 First-time Adoption of International Financial Reporting Standards:** This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

➤ **IAS 28 Investments in Associates and Joint Ventures:** The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**

The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard



The IASB has issued the **Annual Improvements to IFRSs 2015 – 2017 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2019 with earlier application permitted. These annual improvements have not yet been endorsed by the EU. The management has not yet evaluated the impact of the implementation of this standard

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 Income Taxes:** The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- **IAS 23 Borrowing Costs:** The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

Due to these amendments, modifications might occur in Company's accounting policy or disclosure of information, however, the amendments will not have any impact on Company's financial status or results.

The Company plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

### 2.3. Measurement and presentation currency

The amounts shown in these financial statements are measured and presented in the local currency of the Kingdom of Denmark, the Danish krone.

### 2.4. Intangible assets

Separately acquired Intangible assets are measured initially at cost. After initial recognition, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives not longer than 7 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be applicable.

Internally generated intangible assets are initially recognised at production cost, which mainly consists of directly attributable salary expenses. Subsequent measurement is the same as for the acquired intangible assets

### 2.5. Property, plant and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Parts of some items of property and equipment may require replacement at regular intervals. Under the recognition principles of property, plant and equipment, the Company recognises the cost of replacing part as the item of property plant and equipment when that cost is incurred if the recognition criteria are met.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The property and equipment is written-off when sold or when no future economic benefits are expected. Any gain or loss appearing from the write-off of property and equipment (calculated as the difference between net

sales and the carrying value of the assets) are accounted for in the statement of comprehensive income for the reporting year, when assets are written-off.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Computers and communication equipment	3 years,
Furniture	6 years,
Vehicles	6 years,
Other assets	4 years.

The useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

## 2.6. Financial assets

The Company recognises financial asset on its statement of financial position when and only when the Company becomes a party to the contractual provisions of the instrument.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, reassesses designation at each financial year-end.

All “regular way” purchases and sales are recognised using settlement date accounting. Settlement day refers to the recognition of an asset on the day it is transferred to the Company (asset is recognised in financial statement) and to the derecognition of an asset, on the day that it is transferred by the Company (asset is not recognised in financial statements). All other purchases and sales are recognised as derivative transactions until the settlement date.

### Financial assets at fair value through profit or loss

#### *Financial assets or financial liabilities held for trading*

Financial assets or financial liabilities classified as held for trading other than derivatives are included in the category “financial assets at fair value through profit or loss”. Financial assets or financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Such assets or liabilities are initially accounted for at acquisition cost and are subsequently revalued at the fair value, which is market price. Related profit or loss on revaluation is charged directly to the statement of comprehensive income. Interest income, expense, and dividends on such investments are recognised as interest income and expense and dividend income respectively.

#### *Financial assets or financial liabilities designated at fair value through profit or loss*

Financial assets and financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy;
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.



Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Related profit or loss on revaluation is charged directly to the statement of comprehensive income. Interest income, expense, and dividends on such investments are recognised as interest income and expense and dividend income respectively.

#### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as debt securities, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

#### Loans and receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognized through profit or loss when the loans and other receivables are derecognized or impaired, as well as through the amortisation process.

Loans and other receivables are recognised at their pay-out date. From the date of signing a loan contract until the pay-out date they are accounted for as off off-balance items.

#### *Write-offs*

When the loan and other receivables cannot be recovered, they are written-off and charged against impairment for credit losses. The management of the Company makes the decision on writing-off the loan and other receivables. Recoveries of the loans and other receivables previously written-off are credited to the profit (loss).

#### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the date of statement of financial position. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same and discounted cash flow analysis.

### **2.7. Borrowed funds**

Borrowings are initially recognised at fair value of proceeds received, less the costs of transaction.

After initial recognition, debt issued is subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

## 2.8. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Company's management at each reporting date. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

Management's fair value evaluation is disclosed in Note 12.

## 2.9. Derecognition of financial assets and liabilities

### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### **2.10. Lease**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### Financial lease

Financial lease, under which all the risks related to ownership and the benefits are rewarded to the Company as the owner of the assets, are capitalized at the date of lease contract signing at the leased asset fair value or if the value is lower present value of minimal lease payments. Lease payments are spitted between finance expenses and lease liability on setting day that the interest rate would be kept constant for the remaining payments. Finance costs are recognized in the statement of financial position.

The depreciation is accounted for financial lease assets and it also gives rise to financial expenses for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned but such assets cannot be depreciated over a period longer than the lease term, unless the Company, under the terms of the lease contract, acquire ownership after the lease term is over.

#### Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss on a straight-line basis over the period of the lease.

#### **2.11. Impairment of financial assets**

If there is objective evidence that an impairment loss on finance lease, loans issued and other receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows consists of any proceeds receivable, including, but not limiting to, any payments receivable, realisation of collateral and other payments. Present value of future cash flows is estimated using the discount factor. The carrying amount of the asset is reduced through use of an impairment account. The amount of the loss is recognised in the statement of comprehensive income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### **2.12. Impairment of other assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation (if any), had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge (if any) is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **2.13. Convertible loans**

Convertible loans are compound financial instruments that can be converted to shares at the option of the holder of the loan and the number of shares issued does not change in case of changes in their fair value.

A liability component of the compound financial instrument is initially stated at fair value with reference to similar liabilities without the conversion option. An equity component is initially recognised as a difference between the fair value of the compound financial instrument and the estimated fair value of the liability component. All directly attributable transaction costs are assigned to liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, a liability component of the compound financial instrument is measured at amortised cost using the effective interest method. An equity component of the compound financial instrument is not remeasured subsequent to initial recognition, except for upon conversion or when the conversion option expires.

#### **2.14. Cash and cash equivalents**

Cash consists of cash in bank accounts. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.



For the purposes of the cash flow statement, cash and cash equivalents comprise cash held at current accounts at banks.

## **2.15. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the

obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each statement of financial position date and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

## **2.16. Income tax**

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Danish tax legislation. The standard income tax rate in Denmark is 22%. Tax losses can be carried forward for indefinite period.

Deferred taxes are calculated using the statement of financial position liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantially enacted at the statement of financial position date.

Deferred tax asset is recognised in the statement of financial position to the extent the management of the Company believes it will be realised in the near future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

## **2.17. Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Revenue is accounted for on accrual basis when it is earned.

Interest income on consumer credits is recognized on accrual basis with regard to the balance of debt and the effective interest rate. When calculating the effective interest rate, the Company measures cash flows considering all the credit contract terms but does not take into account future credit loss. The calculation includes all fees and other amounts the contractual parties paid (will pay) or received (will receive) from each other, which are an integral part of the actual interest rate, as well as all commission fees or discounts.

In a case of late payment, the customer covers losses incurred by the Company due to not received income. This is recognised in the Statement of Comprehensive income under interest income caption when paid by the customer.

Revenue from other services is recognized when the transaction is completed or when its fulfilment degree may be reliably measured prior to the date of statement of financial position.

## **2.18. Expense recognition**

Expenses are recognised on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

#### **2.19. Foreign currencies**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies on the statement of financial position date are recognised in the statement of comprehensive income. Such balances are translated at period-end exchange rates.

#### **2.20. Use of estimates in the preparation of financial statements**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to amortisation, depreciation, deferred income tax, measurement of financial instruments and impairment evaluations. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Below are presented key assumptions concerning the future and other key sources of estimation uncertainty at the date of statement of financial position that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company regularly reviews its receivables to assess impairment. The Company uses its experienced judgement to estimate the amount of any impairment loss in cases where a borrower has financial difficulties and there is available historical data relating to similar borrowers. Similarly, the Company estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of receivables when scheduling its future cash flows. The Company uses its experienced judgement to adjust observable data for a group of receivables to reflect current circumstances. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### **2.21. Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

#### **2.22. Subsequent events**

Subsequent events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

#### **2.23. Offsetting**

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set-off, except the cases when certain IFRS specifically require or allow such set-off.



### 3 Cash and cash equivalents

	As at 31 December 2017	As at 31 December 2016
Cash at bank accounts	1.163.899	61.006
	<b>1.163.899</b>	<b>61.006</b>

### 4 Loans granted and receivables

Net loans granted were as follows:

	As at 31 December 2017	As at 31 December 2016
Loans granted and receivables	25.044.534	2.230.251
Impairment	(10.229.282)	(29.374)
	<b>14.815.252</b>	<b>2.200.877</b>

Loans granted are not classified into separate segments, as all the activity is carried out in the territory of the Kingdom of Denmark. Consumer loans are only granted to private individuals, residents of the Kingdom of Denmark; loans are granted in Danish krone.

Change in impairment for loans and receivables is presented below:

	As at 31 December 2017	As at 31 December 2016
Impairment at the beginning of the period	29.374	-
Impairment charge (reversal) during the year	10.199.908	29.374
Impairment at the end of the period	<b>10.229.282</b>	<b>29.374</b>

All Company's loans are assessed collectively.

In the statement of comprehensive income, impairment of interest bearing assets (reversals) consists of:

	As at 31 December 2017	As at 31 December 2016
Impairment charge (reversal) during the year	10.199.908	29.374
Loans granted and receivables written-off	-	-
	<b>10.199.908</b>	<b>29.374</b>

**COMPANY 'S FINANCIAL STATEMENTS FOR THE YEAR 2017**

(all amounts are in DKK unless otherwise stated)

The structure of receivable consumer credit loan amounts in accordance with repayment terms set in the loan agreements is as follows:

	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
Within one year	13.929.908	2.186.574
After one year	885.344	14.303
Receivable loan amount, net	<b>14.815.252</b>	<b>2.200.877</b>

The structure of Company's loans and receivables by expected repayment terms is as follows:

**31 December 2017**

	<b>Up to 1 month</b>	<b>1 - 3 months</b>	<b>4 - 6 months</b>	<b>7 - 12 months</b>	<b>Up to 60 month</b>	<b>Undefined terms*</b>	<b>Total</b>
Loans granted and receivables	1.882.525	2.517.750	3.333.494	1.535.175	885.344	4.660.963	<b>14.815.252</b>

**31 December 2016**

	<b>Up to 1 month</b>	<b>1 - 3 months</b>	<b>4 - 6 months</b>	<b>7 - 12 months</b>	<b>Up to 60 month</b>	<b>Undefined terms*</b>	<b>Total</b>
Loans granted and receivables	366.141	338.552	371.387	1.031.950	14.303	78.544	<b>2.200.877</b>

\*The amounts presented in the column "Undefined terms" include the amount of loans with at least one day overdue payment, other loans according the same agreements by attributing rceivables/ provided amounts to the certain groups based on repayment schedule as presented above.

Credit quality according to the classes of financial assets

The Company manages it's financial asset quality by applying internal credit assessment rules.

In assessing whether to grant credit to individuals the Company has implemented internal customer solvency rules, considering each customer's sustainable monthly income, available historical data, credit history, debt level and other social and economic factors. After assessment of all the criteria, the decision is taken whether to grant the credit and possible crediting options are given to specific client.

The total loan portfolio is divided into risk groups according to the overdue payment terms. Reliable transactions (loans) are considered as low risk group, i.e. the customers are late with repayments up to 60 days. In this case, the customer is asked only to cover the repayments and loss charges. Higher risk groups are considered when customers are late with repayments from 60 to 180 days. High-risk group consists of customers, which are late with repayments for more than 180 days. Customers from this group are required to repay the whole credit loan immediately and all accumulated loss charges.

Loans granted distribution by risk groups are as follows:

**31 December 2017**

Asset class	Overdue loans				Total
	Not overdue loans	Low risk	Higher risk	High risk	
Credits to individuals	2.935.924	1.623.070	8.488.723	1.767.535	14.815.252
Total	2.935.924	1.623.070	8.488.723	1.767.535	14.815.252

**31 December 2016**

Asset class	Overdue loans				Total
	Not overdue loans	Low risk	Higher risk	High risk	
Credits to individuals	1.642.772	558.105	-	-	2.200.877
Total	1.642.772	558.105	-	-	2.200.877

**5 Prepayments**

As at 31 December 2017 and 2016, prepayments consisted mainly of prepayments to suppliers.

**6 Property, plant and equipment**

	Office and other equipment	Vehicles	Total
<b>Cost:</b>			
Balance as at 31 December 2015	-	-	-
Additions	-	-	-
Write-offs	-	-	-
Balance as at 31 December 2016	-	-	-
Additions	26.929	-	26.929
Write-offs	-	-	-
Disposals	-	-	-
Balance as at 31 December 2017	26.929	-	26.929
<b>Accumulated depreciation:</b>			
Balance as at 31 December 2015	-	-	-
Charge for the year	-	-	-
Write-offs	-	-	-
Disposals	-	-	-
Balance as at 31 December 2016	-	-	-
Charge for the year	5.880	-	5.880
Write-offs	-	-	-
Disposals	-	-	-
Balance as at 31 December 2017	5.880	-	5.880
<b>Net book value as at 31 December 2017</b>	<b>21.049</b>	<b>-</b>	<b>21.049</b>
<b>Net book value as at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>

The depreciation charge of the Company's property, plant and equipment has been included into operating expenses in the Company's statement of comprehensive income.

## 7 Financial borrowings

	As at 31 December 2017	As at 31 December 2016
<b>Amounts payable to associated companies</b>		
Amounts payable within one year	39.009	669.367
Accrued interest	663	7.051
	<b>39.672</b>	<b>676.418</b>
<b>Loans from investors of mutual borrowing platform (1)</b>		
Non-current loan	760.765	-
Current loan	1.784.930	-
Accrued interest	12.133	-
	<b>2.557.828</b>	<b>-</b>
<b>Other loans granted</b>		
Non-current loan (2)	19.079.759	-
Accrued interest	330.706	-
	<b>19.410.465</b>	<b>-</b>
<b>Total</b>	<b>22.007.965</b>	<b>676.418</b>

(1) As at 31 December 2017 the Company's assets were not pledged for the loan. The loan maturity is in between 1-37 month. The fixed interest rate is agreed.

(2) As at 31 December 2017 the Company's assets were not pledged for the loan. The loan maturity is in 2020. The fixed interest rate is agreed.

## 8 Trade payables

As at 31 December 2017 trade payables compared to 31 December 2016 increased by 35.086 DKK and amounted to 281.604 DKK. As at 31 December the balance of trade payables mainly consisted of payables for services provided, the payment term of which is in January 2018.

## 9 Other payables

As at 31 December 2017 other payables mainly consisted of employment related obligations (vacation accruals, taxes related to payroll) and accrued expenses for services provided in current year but issued in January and February of next year. All amounts payable was short term. As at 31 December 2016, other payables mainly consisted of VAT amounts payable (reverse charge) and accrued expenses for services provided in current year but issued in January and February of next year. All amounts payable was short term.



**10 Other operating expenses**

	As at 31 December 2017	As at 31 December 2016
Business management services	1.848.106	401.774
IT and telecommunication expenses	25.905	-
Bank service expenses	69.893	3.085
Customer verification and related expenses	881.097	315.678
Consultation services	265.849	
Business trip and training expenses	20.642	
Debt recovery expenses	113.500	
Other	93.069	51.779
	<b>3.318.061</b>	<b>772.315</b>

**11 Income tax**

As at 31 December 2017, the Company has accrued 34.717 DKK tax losses (822.474 DKK as at 31 December 2016) and has recognised deferred income tax asset amounting to 1.697.035 DKK (and 180.944 DKK as at 31 December 2016)

Deferred income tax asset was accounted at the rate of 22% as at 31 December 2017 and 2016. Change in deferred income tax was recognised in the statement of comprehensive income.

	As at 31 December 2017	As at 31 December 2016
Current income tax for the reporting year	-	-
Deferred income tax change	1.516.091	178.726
Income tax income (expenses) recorded in the statement of comprehensive income	<b>1.516.091</b>	<b>178.726</b>

	As at 31 December 2017	As at 31 December 2016
<b>Deferred income tax asset</b>		
Deferred income tax asset - based on tax loss brought forward	1.697.035	180.944
<b>Deferred income tax liability</b>	-	-
<b>Deferred income tax, net</b>	<b>1.697.035</b>	<b>180.944</b>

**12 Fair value of financial instruments**

To determine the fair value of financial instruments the Company uses the following methods and assumptions:

**Loans and receivables.** In determining the fair value of loans and receivables, the assessment was carried by discounting the future cash flows for each receivable throughout the whole period (3<sup>rd</sup> fair value hierarchy level).

**Financial borrowings and payables.** Financial borrowings interest reflects market interest rates, thus their fair value approximates to their carrying value (3<sup>rd</sup> fair value hierarchy level).

As at 31 December 2017 and 2016 in the financial statements the Company did not have repeatedly or once measured assets or liabilities at fair value. As at 31 December 2017 and 2016, based on the Company's management assessment, the carrying value of financial assets and liabilities approximates their fair value. As at 31 December 2017 and 2016 the financial assets mainly consisted of loans granted, cash and cash equivalents, other receivables, and financial liabilities mainly consisted of loans received, current other and trade payables.

### 13 Risk management, financial assets and liabilities

The Company's activities expose it to a variety of financial risks. Risk management is carried out by the Company's management. The Company uses the following financial risk management procedures:

#### Credit risk

Credit risk is the risk that transaction parties may not comply with their liabilities that were agreed in the agreement. There are procedures carried out in the Company constantly to assure that loans are granted to reliable customers and do not exceed an acceptable credit risk limits. Thus, the credit risk is managed before issuing the credit.

The Company does not guarantee for other party obligations. Loans granted to customers are not secured by any means.

#### Maximum credit risk

The following table shows the maximum credit risk separation by statement of financial position notes. Maximum risk is disclosed net of impairment:

	Note	As at 31 December 2017	As at 31 December 2016
<b>Statement of financial position</b>			
Cash at banks	3	1.163.899	61.006
Loans granted and receivables	4	14.815.252	2.200.877
Prepayments	5	56.779	53.812
<b>Total</b>		<b>16.035.930</b>	<b>2.100.618</b>

#### Maximum credit risk based on industry

Industry risk is related to receivables from customers, whose economic activity is the same or closely related. As the Company provides credits to individuals and the maximum amount of loan is only up to 15 thousand DKK, the Company avoids concentration of receivables.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to cover its current liabilities or it will cover them in unfavourable circumstances by attracting additional financing or using the Company's assets. The Company's policy is to maintain sufficient amount of cash or cash equivalents or to ensure external financing by using bills and taking loans.

## COMPANY 'S FINANCIAL STATEMENTS FOR THE YEAR 2017

(all amounts are in DKK unless otherwise stated)

Table below presents summarized Company's undiscounted financial liabilities grouped by contractual maturity dates:

**Financial liabilities as at 31 December 2017**

	Up to 3 months	3 - 12 months	1 - 5 years	After 5 years	Undefined terms	Total
Liabilities to investors of mutual borrowing platform	1.035.850	1.248.751	717.370			3.001.971
Other financial debts	1.298.546	2.874.917	23.555.024	-	-	27.728.487
<b>Total undiscounted financial liabilities</b>	<b>2.334.396</b>	<b>4.123.668</b>	<b>24.272.394</b>			<b>30.730.458</b>

**Financial liabilities as at 31 December 2016**

	Up to 3 months	3 - 12 months	1 - 5 years	After 5 years	Undefined terms	Total
Other financial debts	676.417	-	-	-	-	676.417
<b>Total undiscounted financial liabilities</b>	<b>676.417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>676.417</b>

In order to maintain sufficient cash amount, the Company seeks to match the cash flows of payables agreed in the agreements and receivables agreed in the loans granted to customers agreements.

Planned cash flows with future interest and not including impairment in accordance with the agreements of the loans granted to customers are as follows:

**31 December 2017**

	On demand	Up to 3 months	3 - 12 months	1 - 5 years	Undefined terms*	Total
Loans granted (including future interest)	-	6.643.804	7.138.863	1.688.250	14.890.245	30.361.162
Other receivables (from shareholders including interest receivable)	-	33.133	68.432	617.862	-	719.427
<b>Total receivables</b>	<b>-</b>	<b>6.643.804</b>	<b>7.138.863</b>	<b>1.688.250</b>	<b>14.890.245</b>	<b>30.361.162</b>

**31 December 2016**

	On demand	Up to 3 months	3 - 12 months	1 - 5 years	Undefined terms*	Total
Loans granted (including future interest)	-	1.183.324	2.380.553	16.105	107.918	3.687.900
<b>Total receivables</b>	<b>-</b>	<b>1.183.324</b>	<b>2.380.553</b>	<b>16.105</b>	<b>107.918</b>	<b>3.687.900</b>

\* Amounts presented in the column "Undefined terms" include loans with at least one day overdue payment, while the other payments according to the same loan agreement are distributed into the respective groups by the above repayment terms.

Interest rate risk

General interest rate risk is the risk that the Company will incur losses due to interest rate fluctuations, when certain period interest rate bearing assets do not match the same period interest rate bearing liabilities.



As at 31 December 2017 and 2016 all Company's issued loans and financial liabilities consisted of loans with fixed interest rates. As the interest rate risk is not relevant to the Company, the Company's management does not perform and present sensitivity analysis of the potential interest rate changes.

#### Foreign exchange risk

Foreign exchange risk is the risk that the Company will incur losses due to foreign exchange rate fluctuation. Loss (profit) from foreign currency fluctuation may occur when Company's assets converted into foreign currency does not match liabilities converted to the same currency (i.e. when there is an open foreign currency position).

Company had transactions in EUR but since the losses on exchange rate is not significant, the Company's management does not perform and present analysis of the impact of foreign exchange rate.

#### **14 Related party transactions**

According to IAS 24 "*Related Party Disclosures*", the parties are considered related when one party can unilaterally or jointly control the other party or have significant influence over the other party in making financial or operating decisions or operation matters, or when parties are jointly controlled and if the members of management, their relatives or close persons who can unilaterally or jointly control the Company or have influence on it. To determine whether the parties are related the assessment is based on the nature of relation rather than the form.

The related parties of the Company and the transactions with related parties during 2017 were as follows:

Company's shareholder (Note 1);

Group companies: UAB Kalfu, Mozipo IFN S.A

Other companies (related through the shareholders): Moment Credit.

The transactions with related parties of the Company and the balances were as follows:

<b>2017</b>	<b>Purchases</b>	<b>Sales</b>	<b>Receivables*</b>	<b>Payables**</b>
Shareholder	1.115.898	10.735	457.431	260.516
Group companies	739.712			37.375
Other companies (related through the shareholders)	2.474.572	-	-	19.450.137
	<b>4.330.182</b>	<b>10.735</b>	<b>457.431</b>	<b>19.748.028</b>

<b>2016</b>	<b>Purchases</b>	<b>Sales</b>	<b>Receivables*</b>	<b>Payables**</b>
Shareholder	321.419	-	-	-
Other companies (related through the shareholders)	-	-	-	676.417
	<b>321.419</b>	<b>-</b>	<b>-</b>	<b>676.417</b>

\* As at 31 December 2017, receivables consisted of loans (included accrued interest) granted to the Company's shareholder. As at 31 December 2017, the average weighted interest rate for loans granted to related parties was 20,2%.



\*\* Payables consist of loans payable, including accrued interest to other companies (related through the shareholders) and trade payables.

The Company's sales consisted of calculated interest for loans receivable and purchases consisted of services rendered of group companies.

The Company did not provide any guarantees or suretyships to related parties. As at 31 December 2017 and 2016 there was no allowance accounted for receivables from related parties.

Remuneration of the management and other payments:

	As at 31 December 2017	As at 31 December 2016
The number of managers	1	1
Accounts related to employment relations:		
Basic salary	4225	-
Bonuses	-	-
Other payments	-	-

## 15 Subsequent events

No other important subsequent events occurred after the date of the statement of financial position.