

YouLend ApS

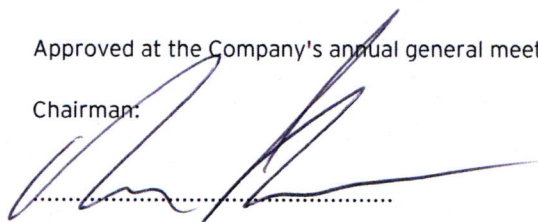
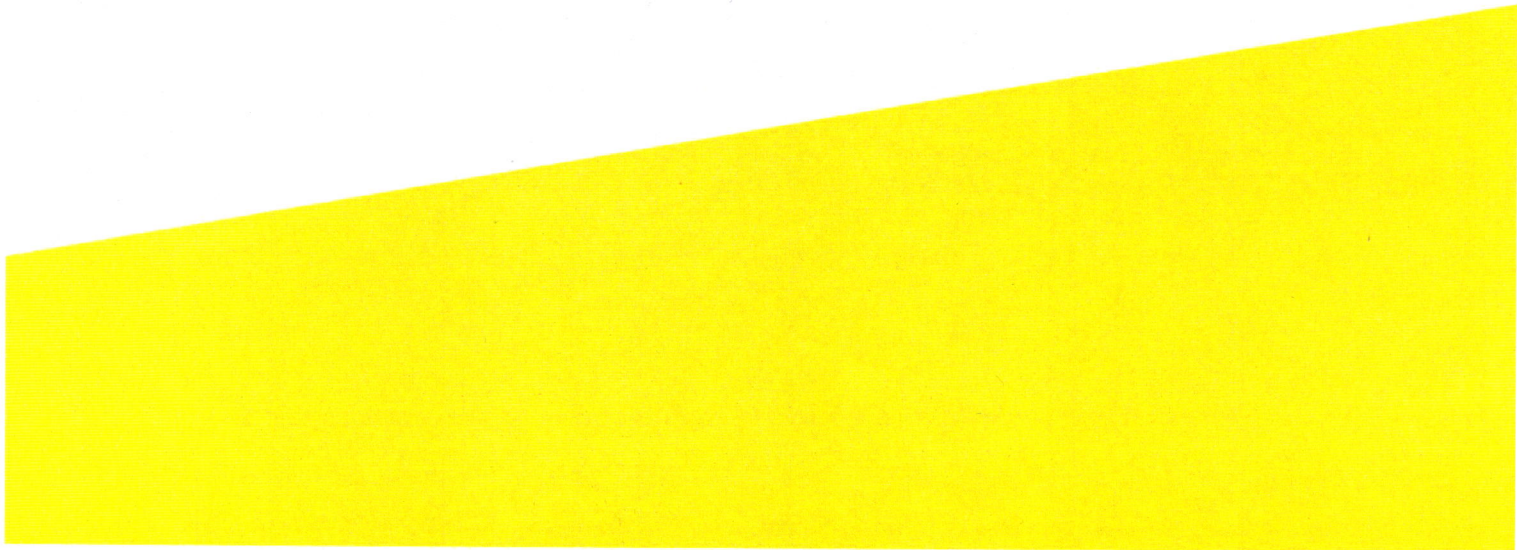
Vestergade 29, 1456 København K

CVR no. 36 89 52 25

Annual report 2018

Approved at the Company's annual general meeting on

Chairman:

A handwritten signature in dark ink, written over a horizontal dotted line. The signature is stylized and appears to be the name of the Chairman.



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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of YouLend ApS for the financial year 1 January - 31 December 2018.

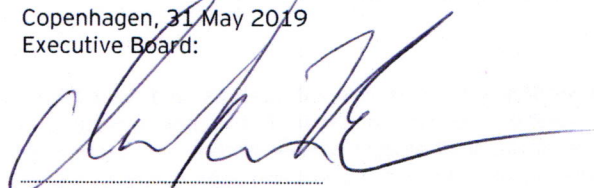
The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 31 May 2019
Executive Board:

A handwritten signature in blue ink, appearing to read 'Mikkel Sølvsten Velin', written over a horizontal dotted line.

Mikkel Sølvsten Velin

Independent auditor's report

To the shareholders of YouLend ApS

Opinion

We have audited the financial statements of YouLend ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 the financial statements.

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

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

Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 31 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Thomas Bruun Kofoed
State Authorised Public Accountant
mne28677



Management's review

Company details

Name	YouLend ApS
Address, Postal code, City	Vestergade 29, 1456 København K
CVR no.	36 89 52 25
Established	18 May 2015
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Mikkel Sølvsten Velin
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The Company's objective is to facilitate peer-to-peer lending and financing through cooperation with various lenders and hereto related enterprises.

Unusual matters having affected the financial statements

Going concern

The Company expects to continue the growth in loans in 2019. The budget for 2019 shows an improvement in the result although a loss is expected. On this basis, Management expects the Company's cash position as sufficient and has presented the 2018 annual report as going concern.

Reference is made to note for more details.

Financial review

YouLend has in 2018 had a significant growth in the number of loans provided to small end medium sized companies, especially in UK. However, the income statement for 2018 shows a loss of DKK 20,945 thousand against a loss of DKK 8,356 thousand last year. The balance sheet at 31 December 2018 shows equity of DKK 13,219 thousand.

Investors have injected cash to the Company on a current basis, latest in December 2018 and the Company does not expects further capital injections in 2019.

There has been a total cash-contribution of DKK 15,752 thousand and total non-cash-contribution of DKK 15,000 thousand in relation to the acquisition of Liquid Finance Partners Limited, England.

The result for the year is negatively impacted by DKK 14,925 thousand related to write-down of the investment in Liquid Finance Partners Limited. The company has significantly reduced its activities in 2018 and is expected to be closed in 2019.

Foreign branches

The Company has a branch in London and has had employees both in head office and the branch.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross profit/loss	<u>1,383,634</u>	<u>-2,041,825</u>
3	Staff costs	-7,270,748	-6,092,615
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-111,094	-68,355
	Profit/loss before net financials	<u>-5,998,208</u>	<u>-8,202,795</u>
	Financial income	9,860	15,472
	Write-down on investments	-14,924,365	0
	Financial expenses	-32,101	-168,762
	Profit/loss before tax	<u>-20,944,814</u>	<u>-8,356,085</u>
	Tax for the year	0	0
	Profit/loss for the year	<u>-20,944,814</u>	<u>-8,356,085</u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-20,944,814</u>	<u>-8,356,085</u>
		<u>-20,944,814</u>	<u>-8,356,085</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2018</u>	<u>2017</u>
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	200,609	79,124
		<u>200,609</u>	<u>79,124</u>
	Investments		
	Investments in group enterprises	75,635	0
	Deposit	376,162	155,083
		<u>451,797</u>	<u>155,083</u>
	Total fixed assets	<u>652,406</u>	<u>234,207</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	498,478	93,563
	Other receivables	182,691	98,232
	Prepayments	4,366,158	215,368
		<u>5,047,327</u>	<u>407,163</u>
	Cash	<u>8,355,989</u>	<u>3,526,545</u>
	Total non-fixed assets	<u>13,403,316</u>	<u>3,933,708</u>
	TOTAL ASSETS	<u>14,055,722</u>	<u>4,167,915</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2018</u>	<u>2017</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	87,707	63,406
	Retained earnings	13,130,982	3,348,629
	Total equity	<u>13,218,689</u>	<u>3,412,035</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	383,720	448,455
	Other payables	453,313	307,425
		<u>837,033</u>	<u>755,880</u>
	Total liabilities other than provisions	<u>837,033</u>	<u>755,880</u>
	TOTAL EQUITY AND LIABILITIES	<u>14,055,722</u>	<u>4,167,915</u>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 4 Contractual obligations and contingencies, etc.
- 5 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	63,406	3,348,629	3,412,035
Capital increase	24,301	30,727,167	30,751,468
Transfer through appropriation of loss	0	-20,944,814	-20,944,814
Equity at 31 December 2018	<u>87,707</u>	<u>13,130,982</u>	<u>13,218,689</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of YouLend ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue, which comprises agency commission, is recognised as revenue if the loans have been provided.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit/loss

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to administration.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Fixtures and fittings, other plant and equipment	1-3 years
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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Amortisation is calculated based on the residual value of the asset and is reduced by impairment losses, if any. The amortisation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

2 Recognition and measurement uncertainties

The Company expects to continue the growth in loans in 2019. The budget for 2019 shows an improvement in the result although a loss is expected. On this basis, Management expects the Company's cash position as sufficient and has presented the 2018 annual report as going concern.

DKK	2018	2017
3 Staff costs		
Wages/salaries	6,419,724	5,367,630
Pensions	815,512	631,422
Other social security costs	947	442
Other staff costs	34,565	93,121
	7,270,748	6,092,615
Average number of full-time employees	12	10

Financial statements 1 January - 31 December

Notes to the financial statements

4 Contractual obligations and contingencies, etc.

Other financial obligations

The Company has entered into tenancy agreements with terms of 3 months and 1 month for DK and UK equalling a maximum obligation of DKK 247 thousand.

5 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.