

CMC Finans ApS

Home address: Charlottenlund Stationsplads 2, 2920 Charlottenlund

CVR-number 37 70 11 49

Annual Report 2019

Financial year: 1 January - 31 December 2019

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Approved at the annual general meeting of shareholders on 1 May 2020

Casper Hallas
Chairman

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Company Information

The Company	CMC Finans ApS Charlottenlund Stationsplads 2 2920 Charlottenlund Municipality of reg. office: Gentofte
Secondary name of reporting entity	Denti ApS Denti.dk ApS
Board of Directors	Claus Jørgensen, president Dorte Hallager Casper Hallas
Executive Board	Casper Hallas
Auditors	Aaen & Co. statsautoriserede revisorer p/s Kongevejen 3 3000 Helsingør
Date of foundation	27 April 2016
Financial Year	1 January – 31 December

Management's Review

The Company's business review and principal activities

The main activities are lending within the area of healthcare treatments. Services are performed by healthcare professional registered in the Health Service's Organizational Register 'SOR'. The settlement of invoices is done directly to the healthcare provider. As such, the company does not pay out cash to any borrower. The initial activity so far has been the financing of dental treatments under the brand name Denti (www.denti.dk).

Business model

All customers are scored individually according to the company's credit policy. The company has developed a real-time credit scoring algorithm and response time is 10-20 seconds. Interest rate and loan amount depend on the individual credit score. Currently, the maximum loan amount is DKK 50,000 and the maximum repayment period is 5 years with a fixed interest rate related to the credit score.

Company structure

CMC Finans ApS is the mother company of two 100% owned subsidiaries:

CMC Development ApS; A company which develop and maintain the necessary IT solutions for CMC Finans ApS, to carry out the activities. An arm's length agreement is securing the mother company licensed right to use the IT solution.

CMC Kredit ApS; the company was founded in 2019, and the purpose for this company is to act as SPV (Special Purpose Vehicle) as a bankruptcy remote entity to separate funding of the loan book from the operations of the company.

Development in activities and financial position

Result

Loss for the year amounts to -4,735,857 DKK (2018: -1,628,552 DKK) and equity amounts to 397,267 DKK as of December 31st 2019 (2018: 1,132,993 DKK). During 2019 the company raised capital 4,000,131 DKK to fund the income cost deficit and to keep the capability to continue the development of the company.

Customers

In the past year, the company has increased its lending by almost 100% and number of associated dental clinics has increased to 670.

At the end of the financial year, the company had approx. 2,200 customers, who each had loans for an average of DKK 13,000 with a maturity of 3.6 years and a duration of roughly 21 months (due to annuity effects).

The company has decided to measure the customer satisfaction via "Trustpilot". The company has received more than 500 Trust Pilots with an average of 4,8, which is number 4 in the sector.

Management's Review

Investments

The company has in the reporting period mainly invested in our software platform, where the investment in our software represents DKK 4,200 T.DKK. The company expects to continue the investments to take advantage of possible scalabilities within the health care sector. The needed capital can come from further capital increases and operations.

Outlook

The company expects to continue to increase the lending activities through www.denti.dk, but will in the coming year initiate tests and validation of financing of other health treatments through other brands.

Uncertainty regarding recognition and measurement

Receivables as at 31 December 2019 are measured in total at 24,100 T.DKK. Estimated provisions for bad debts are calculated at approx. 13%. As a consequence of events after the balance sheet date – please see further below – management assume that there is a higher risk related to the value of receivables than in normal circumstances. Management estimates however that the valuation at 31 December 2019 is fair and reasonable.

Events after the end of the reporting period

COVID-19 is expected to have a negative effect in the short-term and cause a high degree of uncertainty and unpredictability in the market. The scale of short-term negative effects for the year is manageable and based on the assumption that economic activity will normalize during the second half of the year. If this does not happen, there can be a significant downward risk to our income platform.

Furthermore, our client's ability to pay their loans may be affected by the current health crisis. The estimated provisions are calculated at 31 December 2019 amounting to approx. 13% of total receivables. Management estimates that these provisions are sufficient also covering the uncertainty of the current situation.

To ensure the company as a going concern in the coming year it is essential that the funding-partners of the company are willing to postpone payments on the short-term loans.

Until global economic activity is normalized, management will take the necessary steps to safeguard the financial strength of the company.

Management's Statement on the Annual Report

The Board of Directors and The Executive Board have today discussed and approved the Annual Report 2019 of CMC Finans ApS.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Company's financial position at 31 December 2019 and the results of the Company's operations for the financial year 1 January - 31 December 2019.

In our opinion, the Management's review includes a fair review of the matters discussed in the Management review.

We recommend that the Annual Report will be approved at the annual general meeting.

Charlottenlund, 1 May 2020.

Executive Board

Casper Hallas

Board of Directors

Claus Jørgensen
president

Dorte Hallager

Casper Hallas

Independent auditors' report

To the shareholders of CMC Finans ApS:

Opinion

We have audited the Financial Statements of CMC Finans ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies, for the Company. 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 Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis on matters relating to the audit

Material uncertainty related to going concern

Without modifying our opinion, we shall draw the attention to material uncertainty which can lead to considerable doubt regarding the going concern assumption. We refer to note 1 of the annual report which states that it is essential that the funding-partners of the company are willing to postpone payments on the short-term loans. The opinion of management is that the funding partners support this. Accordingly, the annual report is based upon the assumption that the company is indeed a going concern.

Comparative figures have not been audited

In the previous year, in accordance with the legislation, the company had no auditor elected by the general meeting. The comparative figures in the financial statements have therefore not been audited, as is also shown in the financial statements.

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.

Independent auditors' report

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Independent auditors' report

Statement on Management's Review, continued

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

Elsinore, 1 May 2020

Aaen & Co. statsautoriserede revisorer p/s

Kongevejen 3, 3000 Helsingør - CVR nummer 33 24 17 63

Jesper Fenger Smidt

State Authorised Public Accountant

mne31476

Accounting Policies

Basis of accounting

The Annual Report of CMC Finans ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B. Management has chosen to follow certain rules from reporting class C.

The accounting policies applied by the company are consistent with those of last year.

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Reporting currency

The financial statements are presented in Danish kroner.

Recognition and measurement

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities. Furthermore, all expenses incurred, including depreciation, amortisation and impairment losses, are recognised in the income statement.

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any deductions and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report, which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Gross profit

With reference to section 32 of the Danish financial statements act, the items "Revenue", "Other external expenses" and "Other operating income" are consolidated into one item designated "Gross profit".

Accounting Policies

Gross profit, continued

Net sales include interest and fees on dental loans. Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (percentage-of-completion method). Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Direct costs include costs in the form of referral commissions that have been used to achieve revenue for the year.

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc.

Employee expenses

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 items is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses concerning debt and transactions in foreign currencies as well as extra payments and repayment under the on-account taxation scheme.

Corporation 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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Balance Sheet

Intangible assets

Completed development projects and development projects in progress are measured at cost price including accumulated depreciation. Completed development projects are amortized on a straight-line basis over the estimated economic useful life estimated at 5 years. The expected scrap value of completed development projects is 40%.

The cost of development projects includes costs, including salaries that can be directly and indirectly attributed to the development projects.

Accounting Policies

Investments in group entities

In the income statement, the proportionate share of the individual affiliates' profit after tax and full elimination of internal profit / loss and deduction of amortization of goodwill are recognized.

Investments in group entities are recognized in the balance sheet at the proportionate share of the companies' net asset value calculated in accordance with the parent company's applied accounting policies, with the deduction or addition of unrealized intra-group profits and losses with the addition or deduction of the residual value of positive or negative goodwill calculated by the acquisition method. .

Group companies with a negative net asset value are recognized at zero and any receivable from these companies is written down by the parent company's share of the negative net asset value, to the extent that it is deemed unsustainable. If the carrying amount of the carrying amount exceeds receivables, the remaining amount is recognized under provisions to the extent that the parent undertaking has a legal or actual obligation to cover the subsidiary's underbalance.

Net revaluation of investments in group companies is transferred under equity to the reserve for net revaluation using the equity method to the extent that the carrying amount exceeds the acquisition value less goodwill amortization.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts because of objective evidence that a receivable or a group of receivables are impaired. Write-downs are made to the lower of the net realisable value and the carrying amount. Investments comprise rent deposits, which is measured at cost.

Deferred income assets

Deferred income assets recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits.

Corporation tax and deferred tax

Current tax liabilities and current tax receivable are calculated tax on the taxable income for the year adjusted for tax on previous years' taxable income as well as for taxes paid on account. Corporate income tax is recognized in the balance sheet under "Corporate income tax" or "Corporate income tax receivable".

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. In cases, of concerning shares, where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured based on the intended use of the asset or settlement of the liability, respectively.

Accounting Policies

Corporation tax and deferred tax, continued

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

Deferred tax is measured based on the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallised as current tax.

Debt

Other liabilities are measured at net realisable value.

Income Statement 1 January - 31 December

Note	2019	2018
		(non-audited)
Gross profit	-1.507.910	-388.192
2 Employee expense	1.000.314	49.538
5 Depreciations	22.560	5.760
Profit (loss) from ordinary operating activities	-2.530.784	-443.490
6 Result from investments in group enterprises	-925.667	-669.628
3 Financial income	50.605	25.088
Financial expenses	1.508.607	540.522
Profit before tax	-4.914.453	-1.628.552
4 Tax expense on ordinary activities	-178.596	0
Profit for the year	-4.735.857	-1.628.552
Proposed distribution of results:		
Other statutory reserves	-17.597	142.147
Retained earnings	-4.718.260	-1.770.699
Profit for the year distributed	-4.735.857	-1.628.552

Balance 31 December

Assets

Note		2019	2018
			(non-audited)
	Completed development projects	159.680	90.240
	Development projects in progress	0	92.000
4	Intangible assets	159.680	182.240
	Investments in group entities	24.287	0
6	Investments	24.287	0
	Non-current assets	183.967	182.240
7	Trade receivables	24.142.725	14.213.284
	Receivables from group enterprises	2.416.456	1.658.161
	Contributed capital in arrears (short-term)	150.000	0
	Deferred income assets	19.875	15.533
	Short-term tax receivables	796.311	0
	Receivables	27.525.367	15.886.978
	Cash and cash equivalents	638.658	115.972
	Current assets	28.164.025	16.002.950
	Total assets	28.347.992	16.185.190

Balance 31 December

Liabilities

Note		2019	2018
			(non-audited)
	Share capital	132.805	114.486
	Reserve for development expenditure	124.550	142.147
	Retained earnings	139.912	876.360
8	Equity	397.267	1.132.993
	Other long-term payables	12.349.016	12.308.641
	Long-term debt	12.349.016	12.308.641
	Trade payables	167.990	7.740
	Other payables	15.433.719	2.735.816
	Short-term debt	15.601.709	2.743.556
	Total debt	27.950.725	15.052.197
	Total liabilities and equity	28.347.992	16.185.190

1 Going Concern

9 Accounting estimates and assessments

10 Contingent liabilities

11 Collaterals

Notes to the annual accounts

1 Going Concern

COVID-19 is expected to have a negative effect in the short-term and cause a high degree of uncertainty and unpredictability in the market. The scale of short-term negative effects for the year is manageable and based on the assumption that economic activity will normalize during the second half of the year. If this does not happen, there can be a significant downward risk to our income platform.

Furthermore, our client's ability to pay their loans may be affected by the current health crisis. The estimated provisions are calculated at 31 December 2019 amounting to approx. 13% of total receivables. Management estimates that these provisions are sufficient also covering the uncertainty of the current situation.

To ensure the company as a going concern in the coming year it is essential that the funding-partners of the company are willing to postpone payments on the short-term loans.

Until global economic activity is normalized, management will take the necessary steps to safeguard the financial strength of the company.

	2019	2018
		(non-audited)
2 Employee expenses		
Wages/salaries	985.132	46.243
Pensions	8.418	2.272
Other social security costs	6.764	1.023
Employee expense total	1.000.314	49.538
Average number of employees	2	1

3 Financial income

Interest income, group entities	50.605	25.088
	50.605	25.088

Notes to the annual accounts

	2019	2018
		(non-audited)
4 Tax expense on ordinary activities		
Tax on the taxable income of the year	-178.596	0
	-178.596	0
5 Intangible assets		
	Completed development projects	Development projects in progress
Cost at 1 January	96.000	92.000
Additions in the year	92.000	0
Desposals in the year	0	92.000
Cost at 31 December	188.000	0
Impairment losses and depreciation at 1 January	5.760	0
Amortisation/depreciation in the year	22.560	0
Reversal of amortisation and impairment of disposals	0	0
Impairment losses and depreciation at 31 December	28.320	0
Carrying amount at 31 December	159.680	0

Notes to the annual accounts

6 Investments	Investments in group entities
Cost at 1 January	40.255
Additions in the year	40.000
Desposals in the year	0
Cost at 31 December	80.255
Value adjustments at 1 January	-40.255
Share of profit for the year	-925.667
Loss limited to investment	909.954
Value adjustments at 31 December	-55.968
Carrying amount at 31 December	24.287
Impairment of receivable	-909.954
	-909.954

7 Receivables

Of the company's receivables from the sale of goods and services, DKK 16,620,937 is due for payment after one year.

8 Equity

	Share- capital	Reserve for development expenditure	Retained earnings resultat
Equity 1 January	114.486	142.147	876.360
Capital increase	18.319	0	3.981.812
Profit of the year	0	-17.597	-4.718.260
Equity 31 December	132.805	124.550	139.912

Notes to the annual accounts

9 Accounting estimates and assessments

In connection with the preparation of the financial statements, the management has made a number of assumptions and made accounting estimates and assessments, which form part of the basis for the recognition and measurement of the company's assets and liabilities as well as income and expenses.

These assumptions and assessments are based on historical experience and business knowledge, as well as other factors that may cause the realized results to differ from the estimates and judgments used.

Management is of the opinion that accounting estimates and judgments that may be particularly important for the preparation of accounts primarily relate to provisions for losses on debtors.

10 Contingent liabilities

The company acts as a management company for jointly taxed Danish affiliated companies. The company is jointly and severally liable with other jointly taxed companies in the Group for the payment of withholding tax and corporation tax.

11 Collaterals

Funding partners who have paid funding to finance the loan book have security in the loan book and their return in the form of paid-in: repayments, interest and establishment fees at book value DKK million 24,1.

Casper Hallas

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-383127873435
Tidspunkt for underskrift: 04-05-2020 kl.: 16:04:07
Underskrevet med NemID

Casper Hallas

Som Direktør NEM ID
PID: 9208-2002-2-383127873435
Tidspunkt for underskrift: 04-05-2020 kl.: 16:04:07
Underskrevet med NemID

Casper Hallas

Som Dirigent NEM ID
PID: 9208-2002-2-383127873435
Tidspunkt for underskrift: 04-05-2020 kl.: 16:04:07
Underskrevet med NemID

Dorte Hallager

Som Bestyrelsesmedlem NEM ID
PID: 9208-2002-2-175429335170
Tidspunkt for underskrift: 04-05-2020 kl.: 15:33:54
Underskrevet med NemID

Claus Jørgensen

Claus Jørgensen
Som Bestyrelsesformand
IP-adresse: 83.99.83.71:10933
Tidspunkt for underskrift: 04-05-2020 kl.: 20:32:02
Underskrevet med esignatur EasySign



Jesper Smidt

Som Revisor NEM ID
RID: 1287500629677
Tidspunkt for underskrift: 04-05-2020 kl.: 22:25:04
Underskrevet med NemID