Finans 247 ApS

Kristianiagade 1
2100 København Ø

CVR no. 38 14 38 24

Annual report for the period 1 January – 31 December 2018

The annual report was presented and approved at the Company's annual general meeting on

22 May 2019

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chairman

Contents

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Finans 247 ApS for the financial year 1 January – 31 December 2018.

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

In my opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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, 21 May 2019
Executive Board:

Mikkel Winston
CEO

Independent auditor's report

To the shareholder of Finans 247 ApS

Opinion

We have audited the financial statements of Finans 247 ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet 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 Company's assets, liabilities and financial position 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 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 of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to note 2 on "Change in valuation method and related assumptions" to the financial statements enclosed, describing the changes made to the valuation method and related assumptions used to value the loan portfolio.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

Independent auditor's report

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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Copenhagen, 21 May 2019
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jette Kjær Bach
State Authorised
Public Accountant
mne19812

Management's review

Company details

Finans 247 ApS
Kristianiagade 1
2100 København Ø

CVR no.:	38 14 38 24
Established:	28 October 2016
Financial year:	1 January – 31 December

Executive Board

Mikkel Winston, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

Finans 247 ApS is a consumer finance company that provides easy accessible loans for online consumers in Denmark.

Finans 247 ApS specialises in offering short-term loans to consumers. Our concept is to lend people the money they need in a responsible, fast and easy way.

The Company is based in Copenhagen and has served customers in the financial sector since 2016.

We offer loans to consumers through our three products:

- MiniFinans.dk

- Kassekreditten.dk

- Kvikto.dk

Throughout 2018, Finans 247 ApS has experienced an increasing demand for our loan products.

We see that as a result of our positive customer-oriented approach, attractive price-levels on loans and an easy, quick, safe and reliable lending process. We advertise our products through Facebook, internet, television and radio which has led to a high awareness of our brands. In addition, we have achieved five stars at Trustpilot.

At the end of 2018, we had issued more than 40,000 loans to customers since the Company started.

Development in activities and financial position

The operation is financed by equity and loans. For the financial year 2018, the profit before tax is DKK 11,156 thousand and profit for the year is DKK 8,694 thousand.

The Board of Directors proposes no dividend for the financial year 2018.

Events after the balance sheet date

No significant events have occured after the balance sheet date.

Changes regarding recognition and measurement

Management has implemented a new valuation method with related assumptions with effect from 1 January 2018, which has changed the estimated write-down on the loan portfolio. The background for changing the model and assumptions is due to better performance on the old loan portfolio than expected and better payment behavior by new customers.

The new method with relating assumptions has reduced write-down on loans at 31 December 2018 by DKK 22 million compared to the old model related assumptions used. At 31 December 2018, additional write-down of DKK 2.8 million (2017: DKK 1.5 million) was made to mitigate the uncertainty relating to the short payment history the company has on its lending activities.

The overall write-down percentage on the loan portfolio is the same percentage as the one reflected in the annual report 2017 and are in line with benchmarks for short-term loan business in Denmark.

Management is of the opinion that the new valuation method and relating assumptions better illustrate the current risk of future losses on the loan portfolio.

Moreover, reference is made to note 2.

Management's review

Operating review

Compliance

In 2018, the company has focused on compliance, particularly regarding GDPR and AML, in order to comply with national legislation. All data, processes and procedures have been revised, strengthened and documented. Regular routines and reporting have been established, and staff has been trained in relevant areas.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2018	2017
Gross profit		23,885,367	4,933,165
Staff costs	3	-5,442,792	-2,612,086
Depreciation, amortisation and impairment lossses		-4,727	0
Operating profit		18,437,848	2,321,079
Financial income	4	37,032	8,878
Financial expenses	5	-7,319,178	-1,517,264
Profit before tax		11,155,702	812,693
Tax on profit for the year	6	-2,461,412	-181,768
Profit for the year		8,694,290	630,925

Proposed profit appropriation

Proposed dividends for the year	0	150,000
Retained earnings	8,694,290	480,925
	8,694,290	630,925

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment		63,559	0
Investments			
Equity investments in group entities		50,000	0
Deposits		642,525	0
		692,525	0
Total fixed assets		756,084	0
Current assets			
Receivables			
Loan receivables		114,894,805	39,712,704
Receivables from group entities		1,414,061	591,897
Other receivables		412,989	1,783,199
Prepayments		214,864	1,106,111
		116,936,719	43,193,911
Cash at bank and in hand		993,347	3,590,340
Total current assets		117,930,066	46,784,251
TOTAL ASSETS		118,686,150	46,784,251

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2018	31/12 2017
EQUITY AND LIABILITIES			
Equity			
Contributed capital		50,000	50,000
Retained earnings		9,325,214	480,925
Proposed dividends for the financial year		0	150,000
Total equity		9,375,214	680,925
Provisions			
Provisions for deferred tax		2,716	0
Total provisions		2,716	0
Liabilities other than provisions			
Non-current liabilities other than provisions	7		
Subordinary loan capital from associates		15,300,000	8,000,000
Payables to associates		0	13,300,000
Other payables		6,200,000	19,470,545
		21,500,000	40,770,545
Current liabilities other than provisions			
Current portion of non-current liabilities	7	20,000,040	1,040,053
Other credit institutions, current liabilities		9,529,515	2,743,773
Payables to group entities		50,881,392	0
Corporation tax		2,458,696	181,768
Other payables		4,938,577	1,367,187
		87,808,220	5,332,781
Total liabilities other than provisions		109,308,220	46,103,326
TOTAL EQUITY AND LIABILITIES		118,686,150	46,784,251

Change in valuation method and related assumptions	2
Contractual obligations, contingencies, etc.	8
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Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Finans 247 ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Change in accounting estimates

Based on a reassessment of provision for doubtful loans, Management has changed the accounting estimate. This has resulted in a decrease in write-downs on loans of DKK 22 million compared to the recognised write-down at 31 December 2017. Please refer to note 2.

Income statement

Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit. Gross profit consist of revenue and other external costs.

Revenue

Revenue comprises interest and fees related to loans. Income is accrued over the period to which it relates and is included in the income statement at the amounts relating to the accounting period concerned.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Fixtures, fittings, tools 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 on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement.

Impairment of fixed assets

The carrying amount of property, plant and equipment subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

end of the useful life.

Loan receivables

Loan receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. Receivables are assessed for objective indication of impairment on a portfolio basis. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Impairment provision is calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as a discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

2 Change in valuation method and related assumptions

Management has implemented a new valuation method with related assumptions with effect from 1 January 2018, which has changed the estimated write-down on the loan portfolio. The background for changing the model and assumptions is due to better performance on the old loan portfolio than expected and better payment behavior by new customers.

The new method with relating assumptions has reduced write-down on loans at 31 December 2018 by DKK 22 million compared to the old model related assumptions used. At 31 December 2018, additional write-down of DKK 2.8 million (2017: DKK 1.5 million) was made to mitigate the uncertainty relating to the short payment history the company has on its lending activities.

3 Staff costs

DKK	2018	2017
Wages and salaries	4,582,477	2,225,731
Pensions	237,217	34,123
Other social security costs	71,530	38,018
Other staff costs	551,568	314,214
	5,442,792	2,612,086
Average number of full-time employees	11	6

4 Financial income

Interest income from group entities	34,102	0
Other financial income	2,930	8,878
	37,032	8,878

5 Financial expenses

Other financial costs	3,790,118	1,517,264
Interest expense to group entities	3,529,060	0
	7,319,178	1,517,264

Financial statements 1 January – 31 December

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6 Tax on profit/loss for the year

DKK	2018	2017
Current tax for the year	2,458,696	181,768
Deferred tax for the year	2,716	0
	2,461,412	181,768

7 Non-current liabilities other than provisions

DKK	31/12 2017	Total debt at 31/12 2018	Repayment, first year	Outstanding debt after five years
Subordinated loan from associates	8,000,000	15,300,000	0	0
Payables to associates	13,300,000	0	0	0
Loans	20,510,598	26,200,000	20,000,040	0
	41,810,598	41,500,000	20,000,040	0

Subordinated loan capital is subordinated for other liabilities.

8 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the parent company and its Danish affiliated companies. Together with the jointly taxed companies, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Companys' liability.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date fall due at DKK 180 thousand within 1 year.

9 Related party disclosures

Finans 247 ApS' related parties comprise the following:

Control

Finans 247 ApS, address, city

Finans 247 ApS holds the majority of the contributed capital in the Company

Finans 247 ApS is part of the consolidated financial statements of #, registered office, and the consolidated financial statements of #, registered office, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of # and the consolidated financial statements of # can be obtained

Financial statements 1 January – 31 December

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by contacting the companies at the addresses above.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Finans 247 Holding ApS, Copenhagen, Denmark

Finans 247 ApS is part of the consolidated financial statements of Finans 247 Holding ApS, Copenhagen.

Mikkel Winston
Adm. direktør
Serial number: CVR:38143824-RID:22439917
IP: 152.115.xxx.xxx
2019-05-23 07:26:36Z
NEM ID

Jette Kjær Bach
Statsautoriseret revisor
Serial number: PID:9208-2002-2-610891503296
IP: 83.151.xxx.xxx
2019-05-23 09:21:06Z
NEM ID

Jeff Saul
Dirigent
Serial number: PID:9208-2002-2-670826314673
IP: 152.115.xxx.xxx
2019-05-23 15:29:31Z
NEM ID