

Finans 247 ApS

Vester Voldgade 83, 2, 1552 København V

CVR no. 38 14 38 24

Annual report 2022

Approved at the Company's annual general meeting on 31 May 2023

Chairman:

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Peter Ørding Andreasen

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Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Finans 247 ApS for the financial year 1 January – 31 December 2022.

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 financial position of the Company at 31 December 2022 and development in the Company's operations and financial matters and the results of the Company's operations and financial position. at 31 December 2022 and of the results of the Group's and the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Copenhagen, 31 May 2023

Executive Board:

Peter Ørding Andreasen
CEO

Independent auditor's report

To the shareholders of Finans 247 ApS

Opinion

We have audited the financial statements of Finans 247 ApS for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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 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.

Independent auditor's report

- 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 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.

København, 31 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen
State Authorised
Public Accountant
mne33748

Management's review

Company details

Name	Finans 247 ApS
Address, Postal code, City	Vester Voldgade 83, 2, 1552 København
CVR no.	38 14 38 24
Established	26 October 2016
Registered Office	Copenhagen
Financial year	1 January – 31 December
Website	www.lendomatic.com
E-mail	info@lendomatic.com
Telephone	+45 71 70 10 60
Executive Board	Peter Ørding Andreasen, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg Denmark
Bank	Vendsyssel Sparekasse

Management's review

Financial highlights for the Group

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	33,429	57,067	107,836	141,097	85,457
Gross profit	-3,127	49,974	76,084	98,906	23,885
Profit before interest and tax (EBIT)	-22,381	30,614	42,387	43,618	18,610
Net financials	-17,214	-16,826	-17,468	-15,764	-7,282
Profit/loss before tax	-39,595	13,738	24,919	27,854	11,156
Profit for the year	-40,375	10,248	20,254	21,726	8,694
Balance sheet					
Fixed assets	6,873	5,904	5,294	4,135	756
Non-fixed assets	173,467	210,600	206,751	182,109	117,930
Total assets	180,340	216,504	212,045	186,244	118,686
Equity	21,435	61,607	51,359	31,101	9,375
Non-current liabilities other than provisions	9,082	915	0	0	21,500
Current liabilities other than provisions	149,043	153,522	159,847	155,140	109,308
Financial ratios					
Return on assets	-11.3%	18.5%	30.5%	53.6%	64.2%
Current ratio	121.0%	137.2%	129.3%	117.4%	107.9%
Equity ratio	11.9%	28.5%	24.2%	16.7%	7.9%
Return on equity	-97.2%	18.1%	49.1%	107.4%	172.9%
Employees					
Average number of full-time employees	13	18	29	29	11

For terms and definitions, please see the accounting policies.

Management's review

Business review

Finans 247 ApS provides affordable, easily and quickly accessible consumer finance products in Denmark for online customers who are inadequately served by the financial industry.

Finans 247 ApS aspire to deliver the most flexible and transparent lending solutions to meet the needs of our customers and putting our customers first is our absolutely top priority.

Recognition and measurement uncertainties

The most significant uncertainty relates to the recognition and measurement of the Company's expected credit loss and its valuation of loan receivables. The Company has conducted a write-down on the value of its gross client loan portfolio of 36mDKK. Write-down is taken over other operating expenses, resulting in a gross loss for the financial year. The write-down of client loan value has resulted in a positive release in loan loss provisions of 14.5mDKK effecting other operating expenses. Total net effect to the profit and loss statement for the financial year is 21.5mDKK. The adjustment covers multiple years.

There are two reasons for the write-down. The first reason concerns client accounts that are transferred from early collection to late collection, a process which has been outsourced to external partners. In early collection accrued interest is applied to the full balance (principal, interest and fees), whereas our collection partners apply accrued interest only to the principal part, the write-down reflects the Company's adjustment to accounting in line with the stricter approach employed by external partners. The Second reason applies to loan batches which will be three years or older in February 2023, where a penalty interest considerably higher than what is standard today has been applied. Danish law has changed since these accounts were onboarded and it cannot be expected that the penalty interest applied to customers according to the agreement will hold in court, therefore an appropriate impairment was applied to these accounts.

Financial review

The income statement for 2022 shows a loss of DKK 40,375 thousand against a profit of DKK 10,248 thousand last year. The Company expected a loss for 2022 dependent on timing of being able to operate under new Swedish CMC license. Out of the total loss in 2022 18.8mDKK is related to running business and 21.5mDKK the one-off write-down of client loans. The balance sheet shows on 31 December 2022 an equity of 21.4mDKK.

The main reason for the loss is due to the one-off write down in client loan portfolio value combined with a low loan issuance activity.

During the whole of 2022 monthly loan issuance has been close to zero. Sister company Finans 247 Sverige AB applied for a Credit Market Company (CMC) license in November 2021 and the license was obtained from Swedish Finansinspektionen in October 2022. Instead of focusing on growth, the Company has focused on development of new loan- and deposit products, continued focus on automating and digitizing the entire value chain and implementation of new policies and processes that are compliant to increased financial requirements that the CMC-license implies.

Knowledge resources

The Company's business model relies on highly digitized solutions to acquire and onboard customers and to manage certain loan events and transactions. The IT infrastructure that supports these processes is therefore key, and system architects, front- and backend developers and Dev. Ops staff are critical resources. To ensure the Company's operations perform as intended and are resilient to potential adverse events, the Company's IT infrastructure, resources and processes have been carefully documented, and all new code is thoroughly reviewed before being launched.

Financial risks and use of financial instruments

The Company faces a number of risk factors that could potentially impact its future growth, activities, financial position and results. The description below is not exhaustive, but covers the most relevant risks.

Credit risk

As a lending company, the Company is naturally exposed to a level of credit risk. That risk is relatively high given that the Company specializes in providing smaller consumer finance loans without collateral. While the Company uses its technologies to minimize risk exposure and collect non-performing loans, it still faces a significant risk of losses on a portion of the loans it grants. This risk is reflected in the credit loss provisions, based on historic, behavioural and statistical evidence as at the date of the closing of the financial accounts.

Operational risk

The Company could theoretically be exposed to unforeseen losses due to inappropriate, inadequate or failed internal processes, people, system errors or external events. The Company's evolving risk management framework helps ensure proper safeguards are in place to protect the Company and its operations against such risks.

Liquidity and funding risk

The Company is funded via equity and debt instruments, and it is therefore exposed to liquidity risks were it not able to fulfil its payment obligation as they fall due.

Impact on the external environment

The Company provides affordable, easily and quickly accessible consumer finance products in Denmark for online customers who are inadequately served by the financial industry.

The Company has therefore assessed that its operations does not constitute activities that require it to report on impact on the external environment.

Research and development activities

The Company's internal research and development activities are directed at key areas where the Company can most clearly differentiate itself from its competitors, such as: digitizing and automating its processes; deploying machine learning solutions to perform credit assessments of its customers; and combining several unrelated systems, sources of data and services into clear, transparent and userfriendly loan products and loan processes for its users.

The Company also leverages external partnerships and capabilities to further improve its services, including for its client acquisition, credit decisioning and loan-delivery systems, as well as its payment infrastructure.

Statutory CSR report

The Company has not drawn up any CSR policy.

The Company provides affordable, easily and quickly accessible consumer finance products in Denmark for online customers who are inadequately served by the financial industry.

The Company has made a risk assessment of its activities, and no material risks within corporate social responsibility were identified. Therefore, policies involving social and employee conditions, environment, climate, human rights and anti-corruption are not prepared.

Account of the gender composition of Management, cf §99b

As the Company's management comprise of one executive and no Board of directors, no target figures and policies for the gender composition cf., the Act of Gender Equality has been set.

Furthermore, as the Company has below 50 employees a policy for the gender compositions in other managerial position have not been prepared.

Data ethics

The use of data is at the centre of the Company's operations. The Company only uses data from the clients themselves, trusted 3rd part data provides and publicly available data, and has policies, processes, and IT systems in place to ensure compliance with existing regulations.

On this basis the Company has made a risk assessment of its activities related to data ethics, and no material risks within this area were identified. Therefore, no data ethics policy has been prepared. Financial risks and use of financial instruments

Events after the balance sheet date

No events that could materially affect the Company's financial position have occurred in the period up to the presentation of the annual report.

Outlook

At a group level a strategic decision was taken early 2021 to apply for a CMC license in Sweden, to allow deposit-taking in addition to issuing loans. The license was obtained in October 2022.

This has been a focus area throughout the financial year 2022 at group level. Work is now carried out to transform the Danish business, with the active part of Finans 247 ApS becoming part of the Swedish CMC company as a branch and operating under this license.

The Company expects a loss for 2023. The size of the loss is dependent on the timing of being able to operate under new Swedish CMC license and thereby replace substantial part of existing funding with deposit funding. Expected budgeted loss for 2023 amounts to nearly 10mDKK.

Management

The CEO of Finans 24/7 ApS holds the following other positions:

- CEO, Finans 24/7 Holding A/S, CVR 38 61 67 06
- CEO, Finans 24/7 Sverige AB, Org.nr.: 559091-5194

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2022	2021
3	Revenue	33,429	57,067
	Other operating income	-	261
	Other external expenses	-36,556	-7,354
	Gross profit/loss	-3,127	49,974
4	Staff costs	-7,938	-8,427
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,908	-1,652
5	Other operating expenses	-9,408	-9,281
	Profit/loss before net financials	-22,381	30,614
6	Financial income	408	66
	Write-down on investments	-	-50
7	Financial expenses	-17,622	-16,892
	Profit/loss before tax	-39,595	13,738
	Tax for the year	-780	-3,490
8	Profit/loss for the year	-40,375	10,248

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
9	Intangible assets		
	Completed development projects	3,747	4,392
	Acquired projects, domains etc.	101	-
	Goodwill	130	212
	Development project in progress and prepayments for intangible assets	2,700	1,002
		6,678	5,606
10	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	166	284
	Leasehold improvements	11	14
		177	298
11	Investments		
	Deposits, Investments	18	-
	Total fixed assets	6,873	5,904
	Non-fixed assets		
12	Receivables		
	Trade receivables	172,277	207,727
	Receivables from group entities	-	3
	Other receivables	155	90
13	Prepayments	618	560
		173,050	208,380
	Cash	417	2,220
	Total non-fixed assets	173,467	210,600
	TOTAL ASSETS	180,340	216,504

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
14	Share capital	50	50
	Reserve for development costs	5,029	4,510
	Retained earnings	16,356	57,047
	Total equity	21,435	61,607
	Provisions		
15	Deferred tax	780	460
	Total provisions	780	460
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	9,082	915
		9,082	915
	Current liabilities other than provisions		
16	Short-term part of long-term liabilities other than provisions	11,479	11,300
	Trade payables	559	974
	Payables to group entities	130,927	120,782
	Corporation tax payable	3,490	8,155
	Other payables	2,588	12,661
		149,043	153,522
	Total liabilities other than provisions	158,125	154,437
	TOTAL EQUITY AND LIABILITIES	180,340	216,504

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 17 Contractual obligations and contingencies, etc.
- 18 Collateral
- 19 Related parties
- 20 Fee to the auditors appointed by the Company in general meeting
- 21 Events after the balance sheet date

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	50	4,510	57,047	61,607
Fusion effect Lån Penge ApS	-	-	203	203
Transfer, see "Appropriation of profit"	-	519	-40,894	-40,375
Equity at 31 December 2022	50	5,029	16,356	21,345

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Finans 247 ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class D entities.

The accounting policy is unchanged compared to last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Finans 247 Holding ApS.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000)

Income statement

Revenue

Revenue comprises of 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 operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Staff costs

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

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licenses.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Specific internet domains	20 years
All other Intangibles	3-5 years

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, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognized in the income statement 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 recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 3 and 5 years.

Development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready to use.

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 intangible assets, property, plant and equipment and investments in subsidiaries and associates 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.

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

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Trade receivables

Trade receivables are measured at amortized cost.

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

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

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

Cash

Cash comprise cash and short-term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognized when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realizable value or at fair value if the obligation is expected to be settled far into the future.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognized in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively. Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the expected value of their utilization; 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. Changes in deferred tax due to changes in the tax rate are recognized in the income statement.

Other payables

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortized cost, corresponding to the capitalized value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan. Financial liabilities also include the capitalized residual lease liability in respect of finance leases. Other liabilities are measured at net realizable value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organization of sales of goods and services.

Financial statements 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

2 Recognition and measurement uncertainties

The most significant uncertainty in the financial figures relates to the recognition and measurement of the Company's loan loss provisions and its impact on the valuation of loan receivables. At the end of 2022 the loan loss provisions were re-calculated based on the Company's proprietary credit model. The credit model incorporates the historical performance of closed loans, behavioral and statistical evidence, and effective loan life cycles and is used for estimating expected loan losses, reflected in loan loss provisions for the balance sheet date. The model was implemented at the end of 2020 and is continuously updated based on the evolution of client and economic conditions.

Furthermore, the valuation of intangible assets includes measurement uncertainties as the Company has realized a loss in 2022 and as the Company expects a loss in 2023 due to the strategy of establishing the CMC in Sweden. As the Company expects commercial success when the CMC license is used with the developed loan- and deposit products, an impairment as not been recognized, but as it depends on market conditions etc. this estimate is uncertain.

Financial statements 1 January – 31 December

Notes to the financial statements

3 Segment information

Revenue is only from loan-activity to customers located in Denmark, which is the reason why further revenue segmentation is not conducted.

DKK'000	2022	2021
4 Staff costs		
Wages and salaries	6,731	7,179
Pensions	621	595
Other social security costs	587	653
	7,938	8,427
 Average number of full-time employees	 13	 18

Staff costs includes management services fees in 2022 with 974t.kr (2021: 1,313t.kr). Total salary costs to the executive board amounts to 1,084t.kr (2021: 1,235t.kr.) and pensions with 114t.kr (2021: 130t.kr). The executive board's remuneration is determined by the board of directors and consists solely of fixed salary, a contribution-based pension scheme where payment is based on a fixed percentage on the salary and free usage of telephone.

5 Amortization/depreciation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	1,837	1,415
Impairment of intangible assets	-50	13
Depreciation of property, plant and equipment	121	221
Impairment of property, plant and equipment	-	3
	1,908	1,652

6 Financial income

Other financial income	408	66
	408	66

7 Financial expenses

Interest expenses, group entities	15,595	14,562
Exchange losses	52	7
Other financial expenses	1,975	2,323
	17,622	16,892

Financial statements 1 January – 31 December

Notes

8 Appropriation of profit, Recommended appropriation of profit

	2022	2021
Transfer of the year to reserve for development costs	519	1,214
Retained earnings	-40,894	9,034
Carrying amount at 31 December 2022	-40,375	10,248

9 Intangible assets

DKK'000	Completed development projects	Acquired projects, domains etc	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	6,556	471	387	1,002	8,416
Additions	1,002	-	-	2,700	3,702
Disposals	-	-	-	-1,002	-1,002
Cost at 31 December 2022	7,558	471	387	2,700	11,116
<i>Impairment losses and amortization at 1 January 2022</i>	2,164	262	175	-	2,601
Amortization for the year	1,647	108	82	-	1,837
<i>Impairment losses and amortization at 31 December 2022</i>	3,811	370	257	-	4,438
Carrying amount at 31 December 2022	3,747	101	130	2,700	6,678

Depreciated over

3-5 years

5 years

Acquired projects, domains etc.

January 1st 2022 Lån Penge ApS was merged into Finans 24/7 ApS. The costs per January 1st has been increased with 471t.kr (Acquired projects, domains etc.) and the impairment losses and amortizations per January 1st 2022 has been increased with 262t.kr. (Acquired projects, domains etc.).

Completed development projects

In 2022 a total of 1,002t.kr has been activated that related to projects that were in existence at the beginning of the year and put into production during 2022 (maintaining the existing amortization period).

Development projects in progress

A total of 2,700t.kr relate to two projects that were active per 31 December 2022 but not yet finalized and therefore not put into production:

- Lomio SE/DK

Development project Lomio SE/DK's purpose is development of deposit- and loan product, digitalized onboarding process of customers, integrated credit scoring.

The project is expected to be finalized Q3/2023.

Financial statements 1 January – 31 December

Notes

10 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2022	918	16	934
Additions	-	-	-
Disposals	-	-	-
Cost at 31 December 2022	918	16	934
<i>Impairment losses and depreciation at 1 January 2022</i>	634	2	636
Depreciation	118	3	121
Impairment losses and depreciation at 31 December 2022	752	5	757
Carrying amount at 31 December 2022	166	11	177
Depreciated over	3-5 years	5 years	

11 Investments

DKK'000	Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2022	-	-	-
Additions	-	18	18
Disposals	-	-	-
Cost at 31 December 2022	-	18	18
<i>Impairment losses and depreciation at 1 January 2022</i>	-	-	-
Depreciation	-	-	-
Impairment losses and depreciation at 31 December 2022	-	-	-
Carrying amount at 31 December 2022	-	18	18

12 Receivables

The Company's loan receivables comprise of loan receivables before write-off, 238,202t.kr (2021: 279,709t.kr and write-off of -65,925t.kr (-73,149t.kr).

13 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years related to the operation of the Company, DKK 618t.kr (2021: 560t.kr).

14 Share capital

The Company's share capital has remained DKK 50t.kr in the past year.

15 Deferred tax

Deferred tax, DKK 780t.kr (2021: DKK 926t.kr) relates to timing differences between taxable treatment of depreciation and amortization of intangibles compared to accounting treatment of depreciation and amortization of intangibles.

The value of the tax asset from this year's loss amounts to approximately 9,000t.kr, which is not included in the balance sheet, as there is uncertainty associated with the Group's possibility of realization, by equalization in positive taxable income in the future.

16 Short-term part of long-term liabilities other than provisions

All of the Company's liabilities are due within one year.

17 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent, Finans 247 Holding A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Other rent liabilities:

DKK'000	2022	2021
Carrying amount at 31 December 2022	-	803

18 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

19 Related parties

Related party	Domicile	Basis for control
Finans 24/7 Holding A/S	Copenhagen	Participating interest with 100% ownership and 100% voting power

Information about consolidated financial statements.

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Finans 24/7 Holding A/S	Copenhagen	https://lendomatic.com/investor-relations/ #financial-information

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act. All transactions have been carried out on an arm's length basis.

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

DKK'000

20 Fee to the auditors appointed by the company in general meeting

	2022	2021
Other financial income	—	—
Total Fees to EY	550	593
Statutory audit	550	460
Assurance engagements	-	11
Tax assistance	-	9
Other assistance	-	113
	550	593

21 Events after the balance sheet date

No events that could materially affect the Company's financial position have occurred in the period up to the presentation of the report.

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Peter Ørding Andreasen

Client Signer

På vegne af: Finans 247 ApS

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Thomas Hjortkjær Petersen

EY Signer

På vegne af: EY Godkendt Revisionspartnerselskab

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