

Finans 247 Holding A/S

Vester Voldgade 83, 2, 1552 København V

CVR no. 38 61 67 06

Annual report 2021

Approved at the Company's annual general meeting on 8 July 2022

Chairman:

.....
Peter Andreasen

Contents

Statement by Management	2
Independent auditor's report	3
Management's review	6
Financial statements 1 January - 31 December	12
Income statement	12
Balance sheet	13
Cash flow statement	16
Notes	17

Statement by Management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Finans 247 Holding A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of the results of the Group's and the Company's operations for the financial year 1 January - 31 December 2021.

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, 8 July 2022
Executive Board:

.....
Peter Ørding Andreasen
CEO

.....
Martin Heyn Skytte
CTO

Board of Directors:

.....
Mads Emil Fast Dahlerup
Chairman

.....
Peter Rene Kubicki

.....
Thomas Nistrup

.....
Iavor Tzolov

.....
Casper Ravn-Sørensen

.....
Jan Hansen

.....
Attila Istvan Boros

Independent auditor's report

To the shareholders of Finans 247 Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Finans 247 Holding A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and additional 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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.
- ▶ 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 Group's and the Parent 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 the Group's and the Parent 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 Group and the Parent 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.
- ▶ Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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

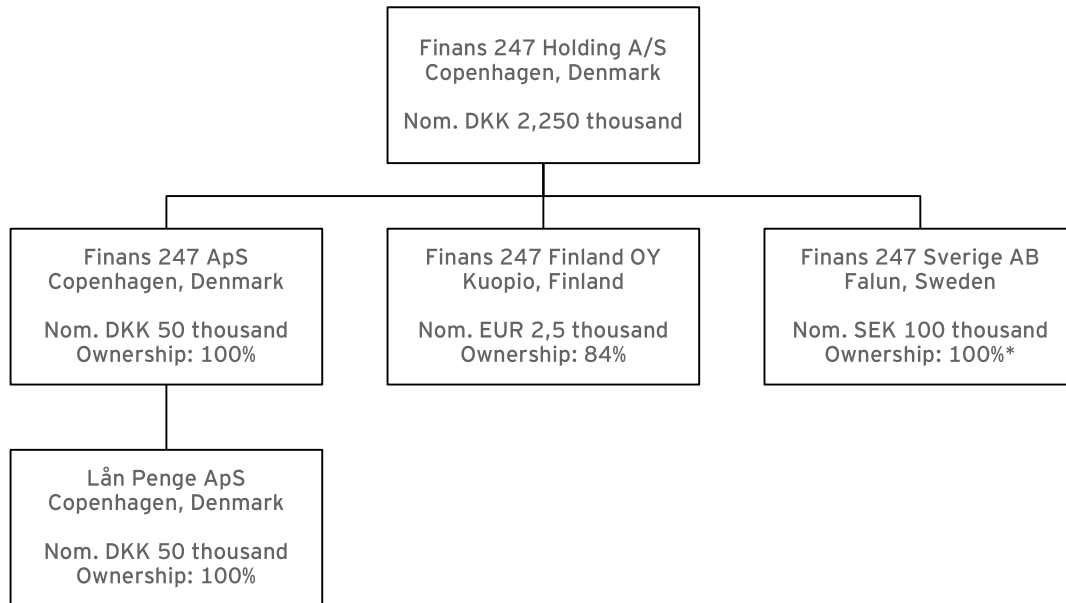
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 8 July 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen
State Authorised Public Accountant
mne33748

Management's review

Group chart



*The ownership was 81% at the end of 2020.

Management's review

Company details

Name	Finans 247 Holding A/S
Address, Postal code, City	Vester Voldgade 83, 2, 1552 København K
CVR no.	38 61 67 06
Established	4 May 2017
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 Mads Heyn Skytte, CTO
Board of Directors	Mads Emil Fast Dahlerup, Chairman Thomas Nistrup Peter Rene Kubicki Iavor Tzolov Casper Ravn-Sørensen Jan Hansen Attila Istvan Boros
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg Denmark
Bankers	Vendsyssel Sparekasse

Management's review

Financial highlights for the Group

DKK t	2021	2020	2019	2018	2017*
Key figures					
Gross profit/loss	51,668	77,180	108,329	22,257	4,791
Profit/loss before net financials	16,660	28,403	30,471	14,626	2,179
Net financials	22,540	-20,738	-16,704	-7,346	1,508
Profit/loss for the year	-7,660	4,741	8,565	12,981	489
Balance sheet					
Non-current assets	6,282	5,640	4,345	1,282	0
Current assets	227,499	240,268	199,435	130,898	46,755
Total assets	233,781	245,908	203,780	132,180	46,755
Investments in property, plant and equipment	0	-363	1,180	69	0
Equity	38,315	32,523	27,632	13,871	589
Non-current liabilities	25,232	87,281	102,440	57,061	40,770
Current liabilities	169,774	125,265	73,670	118,653	46,166
Cash flows					
Cash flows from operating activities	5,854	-42,119	-41,831	-50,494	-37,590
Cash flows from investing activities	-9,619	-2,045	-3,522	229	0
Cash flows from financing activities	7,155	37,773	45,969	59,557	41,180
Total cash flows	7,107	-6,391	616	9,292	3,590
Financial ratios					
Current ratio	117	190	271	110	101
Equity ratio	16%	13%	15%	10%	1%
Return on equity	22%	20%	47%	184%	-
Employees					
Average number of full-time employees	21	35	35	13	6

* Covers the period 4 May - 31 December 2017

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

Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax ex. non-controlling interests} \times 100}{\text{Average equity ex non-controlling interests}}$

Management's review

Principal activities

The Finans 247 Holding A/S Group provides affordable, easily and quickly accessible consumer finance products in Denmark and Sweden for online customers who are inadequately served by the financial industry.

Finans 247 Holding A/S is mainly the holding company for the consumer finance companies of the Group, and it also provides management and administrative services as well as funding to the subsidiaries.

The Company was established in 2017 and is headquartered in Copenhagen.

Development in activities and financial matters

The income statement for 2021 shows a loss of DKK 7,660 thousand against a profit of DKK 4,741 thousand last year, and the balance sheet at 31 December 2021 shows an equity of 38,315 thousand with no dividends proposed for the year. Loan receivables total DKK 216,153 thousand, which represents a decrease of DKK 6,478 thousand compared to the previous year.

In August 2021 the Danish lending company obtained its Consumer Finance license.

The year 2021 was impacted by the ongoing effects of the Covid-19 pandemic and tighter regulation on lending in Denmark. Against this backdrop, the Company kept loan issuance at low levels throughout the year and focused on improving its internal processes and preparations to apply for its license in Sweden, which it submitted in November 2021. As the Swedish license will allow for a highly value accretive diversification towards lower-cost funding, the Company consciously decided to keep lending flows at a minimum in 2021 in this transitory and otherwise uncertain period.

In the wake of new regulation introduced in 2020 capping APR at 25%, and recommendations issued by the Danish FSA and consumer ombudsman thereafter, the Company executed a redesign of the product portfolio and client-related processes. This enables the Company to maintain its full compliance with the new and evolving regulatory expectations and retain its business model based on automatized processes.

The Company also continued the refinement of its business data analytics capabilities to further improve its AI-based models allowing to better predict the performance of both existing and prospective clients.

Although the Swedish license is expected to add significantly to the Company's ability to lower its financing cost and increase its profitability, the positive effects are not expected to be fully realised until the end of 2022. In 2021, however, the preparation for the license has impacted the Company twofold. Operationally, the Company has undergone a transformation to meet the criteria for the license application, including a revamping of internal and external processes especially in the fields of risk management and internal controls, as well as onboarding and integrating new management members, staff, and functionalities. Financially, on the other hand, this work burdened the year's results by DKK 7,218 thousand of one-off expenses, reflected in the results of the year.

In order to keep its P&L balanced taking the hit from low lending activities and higher one-offs in connection with the license application, the Company decided to reduce staff. IT functions were rebalanced and some administrative functions were rationalised, resulting in an overall headcount decrease of 14 persons to 21 persons on average and staff costs decreasing by a third of that of the previous year.

With the preparatory work accomplished in 2021, the Company is now expecting to receive its license in Sweden in 2022 and to re-start lending activities soon afterwards.

Management's review

Uncertainty related to recognition and measurement

The most significant uncertainty relates to the recognition and measurement of the Company's expected credit loss and its valuation of loan receivables. In 2020, a system-supported model was introduced. Based on the historical performance of closed loans, expected loss rates have been recalibrated and used for measuring expected loan losses based on behavioral and statistical evidence. This model has been used throughout 2021 and provides the basis for the loan loss provisions and measurement as of 31 December 2021.

Events after the balance sheet date

No events have occurred in the period up to the presentation of the annual report which materially affect the financial position.

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, Finans 247 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.

Management's review

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 user-friendly 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.

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.

Expectations for 2022

The Company expects a loss for 2022. The size of the loss is dependent on the timing of being able to operate under new Swedish license and thereby replace substantial part of existing funding with deposit funding.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent	
		2021	2020	2021	2020
	Gross profit/loss	51,668	77,180	1,894	2,861
4	Staff costs	-15,187	-22,952	-4,627	-6,964
	Depreciation, amortisation and impairment losses	-1,760	-1,177	0	0
	Other operating expenses	-18,060	-24,648	-2,387	-1,512
	Profit/loss before net financials	16,660	28,403	-5,120	-5,615
5	Financial income	480	2,755	17,338	17,286
	Write-down on investments	-	-	-4,560	-
6	Financial expenses	-23,020	-23,493	-19,824	-18,703
	Profit/loss before tax	-5,880	7,665	-12,166	-7,032
7	Tax for the year	-1,780	-2,924	670	1,547
	Profit/loss for the year	-7,660	4,741	-11,496	-5,485
	Recommended appropriation of profit				
	Retained earnings before tax	-8,195	9,584	-12,166	-7,032
	Non-controlling interests before tax	-2,315	-1,919	-	-
		-5,880	7,665	-12,166	-7,032
	Retained earnings after tax	-7,605	6,660	-11,496	-5,485
	Non-controlling interests after tax	-2,315	-1,919	-	-
		-9,920	4,741	-11,496	-5,485

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent	
		2021	2020	2021	2020
	ASSETS				
	Fixed assets				
	Intangible assets				
	Completed development projects	4,392	3,236	0	0
	Goodwill	422	702	0	0
	Acquired intangible assets	0	3,839	0	0
	Development project in progress	1,002	0	0	0
		<u>5,816</u>	<u>4,541</u>	<u>0</u>	<u>0</u>
	Property, plant and equipment				
	Fixtures and fittings, tools and equipment	284	354	0	0
	Leasehold improvements	182	80	166	0
		<u>466</u>	<u>434</u>	<u>166</u>	<u>0</u>
	Investments				
8	Equity investments in group entities	0	0	6,709	125
	Receivables from group entities	0	0	31,218	9,989
	Deposits, Investments	0	665	0	0
		<u>0</u>	<u>665</u>	<u>37,927</u>	<u>10,114</u>
	Total fixed assets	<u>6,282</u>	<u>5,640</u>	<u>38,093</u>	<u>10,114</u>
	Non-fixed assets				
	Receivables				
9	Loan receivables	216,153	222,631	0	0
	Receivables from group entities	0	0	127,221	150,045
	Other receivables	4,616	8,131	4,268	7,330
	Prepayments	2,018	2,399	1,398	1,623
		<u>222,787</u>	<u>233,161</u>	<u>132,887</u>	<u>158,998</u>
	Cash	<u>4,712</u>	<u>7,107</u>	<u>1,448</u>	<u>5,256</u>
	Total non-fixed assets	<u>227,499</u>	<u>240,268</u>	<u>134,335</u>	<u>164,254</u>
	TOTAL ASSETS	<u>233,781</u>	<u>245,908</u>	<u>172,428</u>	<u>174,369</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent	
		2021	2020	2021	2020
		EQUITY AND LIABILITIES			
		Equity			
10	Share capital	2,250	2,000	2,250	2,000
	Retained earnings	36,771	34,079	10,632	-439
	Finans 247 Holding A/S' shareholders' share of equity	39,021	36,079	12,882	1,561
	Non-controlling interests	-706	-3,556	-	-
	Total equity	38,315	32,523	12,882	1,561
	Provisions				
11	Deferred tax	460	839	0	0
	Total provisions	460	839	0	0
	Liabilities other than provisions				
	Long-term liabilities other than provisions				
12	Subordinated loan capital	24,317	8,000	24,317	8,000
12	Convertible debt instruments	0	79,281	0	79,281
	Other payables	915	0	0	0
		25,232	87,281	24,317	87,281
	Short-term liabilities other than provisions				
12	Short-term portion of long-term liabilities	144,850	97,549	133,550	79,050
	Trade payables	1,249	1,186	0	0
	Corporation tax	8,155	2,404	0	0
	Other payables	15,520	24,127	1,679	6,477
		169,774	125,265	135,229	85,527
	Total liabilities other than provisions	195,006	212,546	159,546	172,808
	TOTAL EQUITY AND LIABILITIES	233,781	245,908	172,428	174,369

- 1 Accounting policies
- 2 Uncertainty related to recognition and measurement
- 3 Events after the balance sheet date
- 13 Contractual obligations and contingencies, etc.
- 14 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Group

DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2020	2,000	27,297	29,297	-1,665	27,632
Transferred; see distribution of profit/loss	0	6,660	6,660	-1,919	4,741
Foreign exchange adjustments, foreign subsidiary		122	122	28	150
Equity at 1 January 2021	2,000	34,079	36,079	-3,556	32,523
Capital injection	250	23,167	23,417	-	23,417
Purchase/sale own shares, net	-	-600	-600	-	-600
Transferred; see distribution of profit/loss	-	-9,975	-9,975	-2,315	-7,660
Purchase non-controlling interests	-	-6,600	-6,600	-	-6,600
Transferred non-controlling interests in connection with purchase and depreciation of goodwill in the transaction	-	-3,390	-3,390	5,165	-2,855
Foreign exchange adjustments, foreign subsidiary	-	90	90	-	90
Equity at 31 December 2021	2,250	36,771	39,021	-706	38,315

Parent

DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2020	2,000	5,046	7,046	-	7,046
Transferred; see distribution of profit/loss	0	-5,485	-5,485	-	-5,485
Equity at 1 January 2021	2,000	-439	1,561	-	1,561
Capital injection	250	23,167	23,417	-	23,417
Purchase/sale own shares, net	-	-600	-600	-	-600
Transferred; see distribution of profit/loss	-	-11,496	-11,496	-	-11,496
Equity at 31 December 2021	2,250	10,632	12,882	-	12,882

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2021	2020
	Profit/loss for the year	-7,660	4,741
	<i>Adjustment for items without cash effect</i>		
	Depreciation and amortisation	1,760	1,177
	Provision for impairment losses on loans	-1,663	27,733
	Expensed tax	1,780	2,924
	<i>Adjustment for items with cash effect</i>		
	Corporation tax paid	0	-4,655
	Cash generated from operations before changes in working capital	-5,783	31,920
	Movement in operating capital		
	Loans before provisions for impairment losses	8,844	-62,783
	Other assets and liabilities	-2,990	-11,256
	Cash flows from operating activities	5,854	-42,119
	Acquisition of intangible assets	-9,489	-2,408
	Acquisition of property, plant and equipment	-130	363
	Cash flows from investing activities	-9,619	-2,045
	Loan financing:		
	Repayments of subordinated, convertible and other loans	-83,622	-33,200
	New subordinated debt	24,317	206
	New convertible debt instruments	4,990	60,607
	Other loans obtained	38,653	10,160
	Issuance of new shares	23,417	0
	Cash from own shares	-600	0
	Cash flows from financing activities	7,155	37,773
	Cash flows for the year	7,107	-6,391
	Cash and cash equivalents, beginning of year	-2,394	13,498
	Cash and cash equivalents, year end	4,713	7,107

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of Finans 247 Holding A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium class C entities.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements have been changed due to the development in revenue, total assets and numbers of employees, where applying the rules as a class C entity is not possible from the financial year 2021.

The accounting policy is unchanged compared to last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK)

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company, Finans 247 Holding A/S, and subsidiaries controlled by Finans 247 Holding A/S.

Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing whether the Parent Company controls an entity, de facto control is also taken into consideration.

The existence of potential voting rights that may currently be exercised or converted into additional voting rights is considered when assessing whether an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Acquisitions and disposals of non-controlling interests that are still controlled are recognised directly in equity as a transaction between shareholders.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross Profit

Revenue comprises of interest, fees and net of credit loss provisions related to loans and 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.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit. Gross profit consists of revenue and production related costs.

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.

Other operating expenses

Other 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.

Profit/loss from investments in group entities

Dividend from equity instruments in group entities measured at cost are recognised as income in the income statement in the financial year when the dividends are declared.

Gains of sale of shares in subsidiaries are also recognised as income in the income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, 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 for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company acts as administration company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Intangible assets

Development projects, patents and licences

Development costs comprise expenses, salaries and amortisation charges directly attributable to development activities.

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Parent Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining term of the patent, and licences are amortised over the term of the licence, however not exceeding 10 years.

Gains and losses on the disposal of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Balance sheet

Property, plant and equipment

Fixtures and fittings and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

Fixtures and fittings	3-5 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Equity investments in subsidiaries and associates in the parent company financial statements

Equity investments in subsidiaries and associates are measured at cost.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Equity investments in subsidiaries with negative net asset values are measured the DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in subsidiaries and associates is tested annually for indication of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the 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 recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Loan receivables

Loan receivables are measured at amortised cost.

Write-down is booked 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 experiences.

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.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial 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.

Equity

Proposed dividends

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised 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 recognised 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 crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; 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 recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital, interest received and paid as well as corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and investments. Dividends received regarding securities are also considered investing activities.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividend to shareholders.

Financial statements 1 January - 31 December

Notes

2 Uncertainty related to expected credit losses

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 2021 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, behavioural 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.

3 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.

DKK'000	Group		Parent	
	2021	2020	2021	2020
4 Staff costs				
Wages and salaries	13,483	19,835	4,037	6,339
Pensions	1,262	1,413	507	539
Other social security costs	442	1,704	83	86
	<u>15,187</u>	<u>22,952</u>	<u>4,627</u>	<u>6,964</u>
Average number of full-time employees	21	35	4	4
Number of employees at the balance sheet date	21	26	4	4
Executive Board	3,736	3,382	3,736	3,382
Board of Directors	180	360	180	360
5 Financial income				
Interest income from subsidiaries	0	0	17,279	16,372
Foreign exchange gains	480	2,755	59	914
	<u>480</u>	<u>2,755</u>	<u>17,338</u>	<u>17,286</u>
6 Financial expenses				
Other financial expenses	22,372	20,738	19,668	17,789
Foreign exchange losses	648	2,755	156	914
	<u>23,020</u>	<u>23,493</u>	<u>19,824</u>	<u>18,703</u>
7 Tax for the year				
Current tax for the year	-1,780	-3,240	1,673	1,562
Tax regulations from prior year	0	316	-1,003	-15
	<u>-1,780</u>	<u>-2,924</u>	<u>670</u>	<u>1,547</u>

Financial statements 1 January - 31 December

Notes

DKK'000	Parent	
	2021	2020
8 Equity investments in group entities		
Cost at 1 January	125	125
Additions	6,600	
Cost at 31 December	6,725	125
Impairment losses at 1 January	0	0
Impairment losses at 31 December	-16	0
Carrying amount at 31 December	6,709	125

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Finans 247 ApS, Copenhagen, Denmark	100%	10,248	61,607
Finans 247 Sverige AB, Falun, Sweden	100%	-11,893	2,146
Finans 247 Finland Oy, Kuopio, Finland*	84%	-347	-4,415
Lån & Penge ApS*	100%	-130	-357

* No public financial statements have been made available at the time of signing the financial statements for Finans 247 Holding A/S.

DKK'000	Group		Parent	
	2021	2020	2021	2020
9 Loan Receivables				
Loan Receivables before provisions	289,962	298,143	0	0
Provisions for bad debt	-73,809	-75,512	0	0
	216,153	222,631	0	0

10 Share capital

The share capital consists of 2,250,000 shares of nom. DKK 1 each.

During 2021 the Company has bought 600 t. DKK of own shares and hold own shares for 600 t. DKK at 31 December 2021

DKK'000	Group		Parent	
	2021	2020	2021	2020
11 Deferred tax				
Other deferred tax	460	839	0	0
	460	839	0	0

Financial statements 1 January - 31 December

Notes

12 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

DKK'000	Group		Parent	
	2021	2020	2021	2020
<i>Subordinated loan from associates</i>				
0 - 1 years	500	42,422	500	42,422
1 - 5 years	24,317	8,000	24,317	8,000
> 5 years	0	0		0
<i>Convertible debt instruments</i>				
0 - 1 years	84,271	0	84,271	0
1 - 5 years	0	79,281	0	79,281
> 5 years	0	0	0	0
<i>Other payables</i>				
0 - 1 years	60,079	55,127	48,779	36,628
1 - 5 years		0	0	0
> 5 years		0	0	0
	<u>169,167</u>	<u>184,830</u>	<u>157,867</u>	<u>166,330</u>

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Group is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2021.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2017 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Other rent and lease obligations have a carrying amount at 31 December 2021 on DKK 1,106 thousand (31 December 2020: DKK 2,138 thousand).

14 Related parties

Finans 247 Holding A/S's related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis of control
Finans 247 Invest ApS	Copenhagen	Shareholder
M7 Holding ApS / MD Holding 2012 ApS (*)	Copenhagen	Shareholder
CR Holding ApS (*)	Copenhagen	Shareholder

* Directly in combination with majority ownership of Finans 247 Invest ApS.