Finans 247 Holding A/S

Vester Voldgade 83, 2, 1552 København V

CVR no. 38 61 67 06

Annual report 2022

Approved at the Company's annual general meeting on July 4 2023

Chairman:

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Peter Rene Kubicki

Contents

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 2022.

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 2022 and of the results of the Group's and the Company's operations and the Group's cash flow 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, July 4 2023
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 2022, 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 2022 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 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 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 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 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.

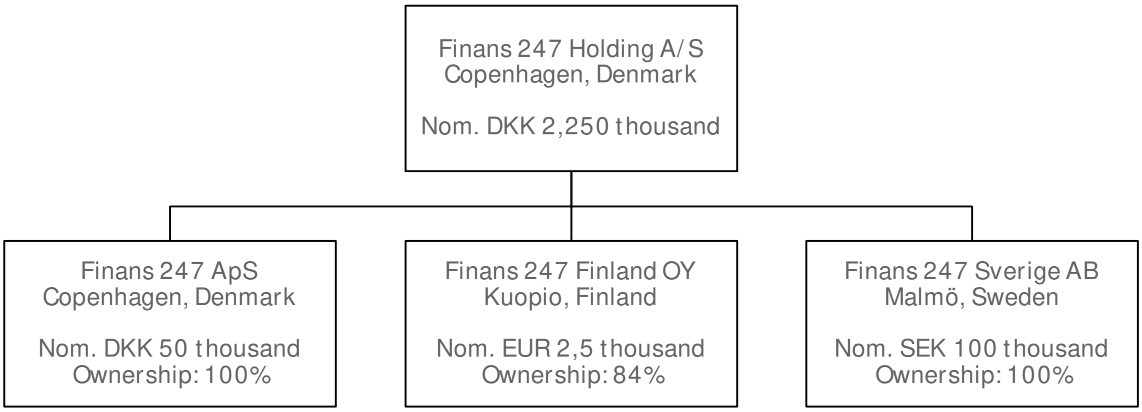
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 July 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen
State Authorised Public Accountant
mne33748

Management's review

Group chart



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
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg Denmark
Bank	Sparekassen Danmark

Management's review

Financial highlights for the Group

DKK '000	2022	2021	2020	2019	2018
Key figures					
Gross profit/loss	-4,397	51,668	77,180	108,329	22,257
Profit/loss before net financials	-37,075	16,660	28,403	30,471	14,626
Net financials	-22,216	-22,540	-20,738	-16,704	-7,346
Profit/loss for the year	-60,425	-7,660	4,741	8,565	12,981
Non-current assets	7,144	6,282	5,640	4,345	1,282
Current assets	180,194	227,499	240,268	199,435	130,898
Total assets	187,338	233,781	245,908	203,780	132,180
Investments in property, plant and equipment	-	-	-363	1,180	69
Equity	-19,515	38,315	32,523	27,632	13,871
Non-current liabilities	9,082	25,232	87,281	102,440	57,061
Current liabilities	196,996	169,774	125,265	73,670	118,653
Cash flows from operating activities	6,369	5,854	-42,119	-41,831	-50,494
Cash flows from investing activities	-2,778	-9,619	-2,045	-3,522	229
Cash flows from financing activities	-7,851	7,155	37,773	45,969	59,557
Total cash flows	-4,260	7,107	-6,391	616	9,292
Financial ratios					
Current ratio	91	117	190	271	110
Equity ratio	-10%	16%	13%	15%	10%
Return on equity	Neg	22%	20%	47%	184%
Average number of full-time employees	18	21	35	35	13

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

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

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 2022 shows a loss of 60,425 t.kr against a loss of 7,660 t.kr last year and the balance sheet at 31 December 2022 shows a negative equity of 19,515t.kr with no dividends proposed for the year. Loan receivables total 173,339t.kr, which represents a decrease of 42,814t.kr compared to 2021, where the loan receivables were 216.153t.kr.

In October 2022 the Swedish lending company obtained its Credit Market Company (CMC) license.

The year 2022 has been characterized with loan issuance kept at low levels throughout the year and the organization focusing on development of new loan- and deposit products to be launched in connection with the go-live of the CMC and improving internal processes and preparations to fit the new company structure and setup. The CMC license will allow for a highly value accretive diversification towards lower-cost funding, which made the Company decide upon keeping lending flows at a minimum in 2022.

Organizational changes have been implemented where Credit, Finance and Risk functions have been strengthened with personnel with vast experience from the banking sector. Data science has been moved to Credit department to ensure building and enhancement of credit scoring models are carried out under the Credit Area's supervision. Within IT the CTO has started to report directly to the CEO. As a consequence, the COO/deputy CEO position was made redundant with effect from end of April.

The expected launch of the CMC activities means that the Group will put more emphasis on its Swedish operation. Consequently, the office in Sweden has expanded significantly in terms of significance and headcount and management expects that process to continue in 2023.

The preparation for the CMC license has impacted the Company twofold. Operationally, the Company has undergone a transformation to meet the criteria for the license, 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 and senior staff, and functionalities. IT development staff has been outsourced resulting in number of FTE's in absolute numbers has been reduced.

Secondly, the Danish lending company has conducted a write-down on its value on client loan portfolio of 36 mio.kr. The write-down of client loan value has resulted in a positive release in loan loss provisions of 14.5 mio.kr. Total net effect to the profit and loss statement in the Danish lending company for the financial year 2022 is 21.5 mio.kr. The reasons for the write-down are imbalances in how accrued interest is applied in late collection, which is outsourced to external partners, and how the Company has applied the accrued interest and to older loan batches where a higher penalty interest than what is standard today has been applied. At the end of 2022 the provisions for bad debt are 66.8 mio.kr, corresponding 28%of the total Loan Receivables gross.

The preparatory work and organizational transformation together with the clean-up of legacy imbalances burdens financial year 2022 severely but has now been finalized. In 2023 the Company will launch its new deposit product and re-start lending business and is looking positively forward to fast growing business.

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. The Company has conducted a write-down on its value on client loan portfolio of 36 mio.kr. The write-down is taken over revenue, resulting in a negative revenue for the financial year. The write-down of client loan value has resulted in a positive release in loan loss provisions of 14.5 mio.kr effecting other operating expenses. Total net effect to the profit and loss statement for the financial year is 21.5 mio.kr.

There are two reasons behind the write-down. 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 capital part, whereas a difference in client loan value occurs. 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.

Events after the balance sheet date

The capitalization process is ongoing and during February 2023 investor loans of 51 mio.kr. were converted to equity and a capital injection of 8.9 mio.kr. was made. Furthermore, received a loan of 7,7 mio.kr. in June 2023.

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.

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.

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 2023

The Company expects a loss for 2023. Issuance of new loans will continue to be low during first half of 2023 until the CMC products are launched in Q3. Thereafter the Company expects to increase its revenue and become profitable in financial year 2024.Expected budgeted loss for 2023 amounts to nearly -50mDKK.

In October 2022 the Swedish company received a credit market company license (CMC) from the Swedish Financial Supervisory Authority and is expected to put the license into use and launch the new deposit- and loan products during 3rd quarter 2023. Before putting the license into use, the Swedish CMC expects to be capitalized with approximately 5m€, referring to note 18 for further information about the continued operation of the Company.

Financial statements 1 January – 31 December

Income statement

		Group		Parent	
Note	**DKK'000**	**2022**	**2021**	**2022**	**2021**
	Gross profit/loss	-4,397	51,668	1,540	1,894
4	Staff costs	-16,919	-15,187	-4,418	-4,627
	Depreciation, amortisation and impairment losses	-1,908	-1,760	-	-
	Other operating expenses	-13,851	-18,061	-2,049	-2,387
	Profit/loss before net financials	**-37,075**	**16,660**	**-4,927**	**-5,120**
5	Financial income	705	480	16,204	17,338
	Write-down on investments	-	-	-	-4,560
6	Financial expenses	-22,921	-23,020	-20,733	-19,824
	Profit/loss before tax	**-59,291**	**-5,880**	**-9,456**	**-12,166**
7	Tax for the year	-1,134	-1,780	-354	670
8	**Profit/loss for the year**	**-60,425**	**-7,660**	**-9,810**	**-11,496**

Recommended appropriation of profit				
Retained earnings before tax	-59,292	-8,195	-9,456	-12,166
Non-controlling interests before tax	-	-2,315	-	-
	-59,292	-5,880	-9,456	-12,166
Retained earnings after tax	-60,425	-9,975	-9,810	-11,496
Non-controlling interests after tax	-	-2,315	-	-
	-60,425	**-7,660**	**-9,810**	**-11,496**

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	ASSETS				
	Fixed assets				
	Intangible assets				
	Completed development projects	3,747	4,392	-	-
	Acquired projects, domains etc.	101	-	-	-
	Goodwill	130	422	-	-
	Development project in progress and prepayments for intangible assets	2,700	1,002	-	-
9		6,678	5,816	-	-
	Property, plant and equipment				
	Fixtures and fittings, tools and equipment	166	284	-	-
	Leasehold improvements	282	182	166	166
		448	466	166	166
	Investments				
10	Equity investments in group entities	-	-	6,709	6,709
	Receivables from group entities	-	-	37,442	31,218
	Deposits, Investments	18	-	-	-
		18	-	44,151	37,927
	Total fixed assets	7,144	6,282	44,317	38,093
	Non-fixed assets				
	Receivables				
11	Loan receivables	173,339	216,153	-	-
	Receivables from group entities	-	-	126,286	127,221
	Other receivables	4,103	4,616	3,941	4,268
12	Prepayments	2,299	2,018	1,380	1,398
		179,741	222,787	131,607	132,887
	Cash	453	4,712	-	1,448
	Total non-fixed assets	180,194	227,499	131,607	134,335
	TOTAL ASSETS	187,338	233,781	175,924	172,428

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
	EQUITY AND LIABILITIES				
	Equity				
13	Share capital	2,250	2,250	2,250	2,250
	Retained earnings	-21,765	36,771	822	10,632
	Finans 247 Holding A/S' shareholders' share of equity	-19,515	39,021	3,072	12,882
	Non-controlling interests	-	-706	-	-
	Total equity	-19,515	38,315	3,072	12,882
	Provisions				
14	Deferred tax	780	460	-	-
	Total provisions	780	460	-	-
	Liabilities other than provisions				
	Long-term liabilities other than provisions				
15	Subordinated loan capital	-	24,317	-	24,317
	Other payables	9,082	915	-	-
		9,082	25,232	-	24,317
	Short-term liabilities other than provisions				
16	Short-term portion of long-term liabilities	183,581	144,850	168,281	133,550
	Trade payables	942	1,249	-	-
	Corporation tax	3,490	8,155	-	-
	Other payables	8,916	15,520	4,509	1,679
	Debt to credit institutions	62	-	62	-
		196,991	169,774	172,852	135,229
	Total liabilities other than provisions	206,073	195,006	172,852	159,546
	TOTAL EQUITY AND LIABILITIES	187,338	233,781	175,924	172,428

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2 Uncertainty related to recognition and measurement
3 Events after the balance sheet date
16 Contractual obligations and contingencies, etc.
17 Related parties
18 Continued operation of the company

Financial statements 1 January – 31 December

Statement of changes in equity

Group

DKK'000	Share capital	Retained earnings	Total equity
Equity at 1 January 2021	2.000	30,523	32,523
Capital injection	250	23,167	23,417
Purchase/sale own share, net	-	-600	-600
Transferred; see distribution of profit/loss	-	-7,660	-7,660
Purchase non-controlling interests	-	-6,600	-6,600
Transferred non-controlling interests in connection with purchase and depreciation of goodwill in the transaction	-	-2,855	-2,855
Foreign exchange adjustments, foreign subsidiary	-	90	90
Equity at 1 January 2022	2,250	36,065	38,315
Transferred; see distribution of profit/loss	-	-60,425	-60,425
Foreign exchange adjustments, foreign subsidiary	-	2,595	2,595
Equity at 31 December 2022	2,250	-21,765	-19,515

Parent

DKK'000	Share capital	Retained earnings	Total equity
Equity at 1 January 2021	2,000	-439	1,561
Capital injection	250	23,167	23,417
Purchase/sale own shares, net		-600	-600
Transferred; see distribution of profit/loss		-11,496	-11,496
Equity at 1 January 2022	2,250	10,632	12,882
Transferred; see distribution of profit/loss		-9,810	-9,810
Equity at 31 December 2022	2,250	822	3,072

Financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	Group 2022	Group 2021
	Profit/loss for the year	-60,425	-7,660
	Adjustment for items without cash effect		
	Depreciation and amortisation	1,908	1,760
	Provision for impairment losses on loans	-7,562	-1,663
	Expensed tax	-675	1,780
	Foreign exchange adjustments, foreign subsidiary	-106	-
	Adjustment for items with cash effect		
	Corporation tax paid	-459	-
	Cash generated from operations before changes in working capital	-65,969	-5,783
	Movement in operating capital		
	Loans before provisions for impairment losses	48,482	8,844
	Other assets and liabilities	23,856	-2,990
	Cash flows from operating activities	6,369	5,854
	Acquisition of intangible assets	-2,656	-9,489
	Acquisition of property, plant and equipment	-122	-130
	Cash flows from investing activities	-2,778	-9,619
	Loan financing:		
	Repayments of subordinated, convertible and other loans	-	-83,622
	New subordinated debt	-	24,317
	New convertible debt instruments	-	4,990
	Other loans obtained	-7,851	38,653
	Issuance of new shares	-	23,417
	Cash from own shares	-	-600
	Cash flows from financing activities	-7,851	7,155
	Cash flows for the year	-4,260	7,107
	Cash and cash equivalents, beginning of year	4,713	-2,394
	Cash and cash equivalents, year end	453	4,713

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 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium class C entities.

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

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

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

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.

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.

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.

For the Swedish AB company there is a forward flow agreement with a 3rd party partner where all unpaid customer balances are sold that are due by 70 days or more. For trade receivables not accepted by the 3rd party agreement, the receivables are taken up to the amount that is expected to be paid after deduction for individually assessed bad debts.

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.

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.

Other payables

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 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. The Company has conducted a write-down on its value on client loan portfolio of 36 mio.kr. The write-down is taken over revenue, resulting in a negative revenue for the financial year. The write-down of client loan value has resulted in a positive release in loan loss provisions of 14.5 mio.kr. effecting other operating expenses. Total net effect to the profit and loss statement for the financial year is 21.5 mio.kr. The adjustment covers multiple years.

There are two reasons behind the write-down. 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 capital part, whereas a difference in client loan value occurs. 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.

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 focus on strategy of build-up and 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.

3 Events after the balance sheet date

The capitalization process is ongoing and during February 2023 investor loans of 51 mio.kr. were converted to equity and a capital injection of 8.9 mio.kr. was made. Furthermore, received a loan of 7,7 mio.kr. in June 2023.

		Group		Parent	
	DKK'000	2022	2021	2022	2021
4	**Staff costs**				
	Wages and salaries	15,080	13,483	3,899	4,037
	Pensions	1,622	1,262	460	507
	Other social security costs	217	442	59	83
		16,919	15,187	4,418	4,627
	Average number of full-time employees	18	21	2	4
	Number of employees at the balance sheet date	18	21	2	4
	Executive Board	2,316	3,736	2,316	3,736
	Board of Directors	480	180	480	180

Total salary costs to the executive board amounts to 2,125t.kr (2021: 1,235t.kr.), pensions with 191t.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.

		Group 2022	Group 2021	Parent 2022	Parent 2021
5	**Financial income**				
	Interest income from subsidiaries	-	-	15,908	17,279
	Foreign exchange gains	705	480	296	59
		705	480	16,204	17,338

6 Financial expenses

Other financial expenses	20,885	22,372	18,769	19,668
Foreign exchange losses	2,036	648	1,912	156
	22,921	23,020	20,681	19,824

7 Tax for the year

Current tax for the year	-	-1,780	-	1,673
Tax regulations from prior year	815	-	354	-
Regulations deferred tax from prior year	319	-	-	-1,003
	1,134	-1,780	354	670

8 Appropriation of profit, Recommended appropriation of profit

	2022	**2021**
Transfer of the year to reserve for development costs	519	1.214
Retained earnings	-60.425	-8.874
Carrying amount at 31 December 2022	**-60,425**	**-7,660**

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**
Impairment losses and amortization at 1 January 2022	2,164	262	175	-	2,601
Amortization for the year	1,647	108	82	-	1,837
Impairment losses and amortization at 31 December 2022	**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.

DKK'000	Parent 2022	Parent 2021
10 Equity investments in group entities		
Cost at 1 January	6,725	125
Additions	-	6,600
Cost at 31 December	6,725	6,725
Impairment losses at 1 January	-16	-
Impairment losses at 31 December	-	-16
Carrying amount at 31 December	6,709	6,709

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Finans 247 ApS, Copenhagen, Denmark	100%	-40,375	21,435
Finans 247 Sverige AB, Falun, Sweden	100%	-10,240	825
Finans 247 Finland Oy, Kuopio, Finland*	100%	0	-1,440

* 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 2022	Group 2021	Parent 2022	Parent 2021
11 Loan Receivables				
Loan Receivables before provisions	240,155	289,962	-	-
Provisions for bad debt	-66,816	-73,809	-	-
	173,339	216,153	-	-

DKK'000	Group 2022	Group 2021	Parent 2022	Parent 2021
12 Prepayments				
Prepayment establishment costs	236	933	236	933
Other prepayments	2,063	1,085	1,144	465
	2,299	2,018	1,380	1,398

13 Share capital

The share capital consists of 2,250,452 shares of nom. DKK 1 each.

14 Deferred tax

Deferred tax, DKK 780t.kr (2021: DKK 460.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 10,000t.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.

15 Non-current liabilities other than provisions

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

	Group		Parent	
DKK'000	**2022**	**2021**	**2022**	**2021**
Subordinated loan from associates				
0 - 1 years	24,817	500	24,817	500
1 - 5 years	-	24,317	-	24,317
> 5 years	-	-	-	
Convertible debt instruments				
0 - 1 years	84,271	84,271	84,271	84,271
1 - 5 years	-	-	-	-
> 5 years	-	-	-	-
Simple loans				
0 - 1 years	74,493	60,079	59,193	48,779
1 - 5 years	-	-	-	-
> 5 years	-	-	-	-
	183,581	169,167	168,281	157,867

16 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 2022.

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 2022 on DKK 234 t.kr (31 December 2021: DKK 1,106 t.kr).

There are no contingent liabilities and commitments set by Finans 247.

17 Related parties

Transactions with related parties are priced on market terms.

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.

18 Continued operations of the company

The capitalization process is ongoing and during February 2023 investor loans of 51 mio.kr. were converted to equity and a capital injection of 8.9 mio.kr. was made. Furthermore, a loan from the investors has been agreed in June 2023 on 7,7 mio.kr.

Management´s budget shows hereafter that the liquidity enables the company to run and develop the business until late Q3 2023, where loans at a value of around 40 mio.kr. are due and must be repaid if not extended.

Further, Management expects to obtain a capital injection that enables the company to put the CMC license in use during the summer of 2023, which is a condition to start the activities under the CMC licence, which comes with certain capital requirements that the company does not meet as per today. Before putting the license into use, the Swedish CMC expects to be capitalized with approximately 5m€.

As in earlier years, management has a structured and ongoing focus on securing the necessary liquidity both in the respect of putting the CMC license in use, but also in the situation where this would be postponed for a reason.

Management believes that it´s realistic to obtain the sufficient liquidity based on the ongoing processes, the injections and loans received subsequent the balance date and the historical and ongoing extensions of the investor loans, and thus being able to continue the activities towards 31 December 2023. The financial statements are therefore prepared using the going concern basis of accounting.

If management will not succeed to obtain the sufficient capital to put the CMC license in use or if it´s postponed, it might to necessary to scale down the activities, including further development and therefore focus on collection of the possible cash flows from the existing loan portfolio.

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"By my signature I confirm all dates and content in this document."

Peter Ørding Andreasen
Executive Board
On behalf of: Finans 247 Holding A/S
Serial number: 6c48fd75-e549-4517-b939-2d0fee8db436
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2023-07-05 07:47:45 UTC

Martin Heyn Skytte
Executive Board
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Boros Attila

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2023-07-05 09:38:55 UTC

The name is withheld
Board of Directors
On behalf of: Finans 247 Holding A/S
Serial number: 2f864746-a095-468e-b5b7-bfb6e61d9b00
IP: 78.73.xxx.xxx
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Peter Rene Kubicki
Chair of the meeting
On behalf of: Finans 247 Holding A/S
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IP: 80.62.xxx.xxx
2023-07-05 11:36:17 UTC

Peter Rene Kubicki
Board of Directors
On behalf of: Finans 247 Holding A/S
Serial number: 1b5a39b9-358f-4aaa-8c0c-16b5f6246fa3
IP: 80.62.xxx.xxx
2023-07-05 11:36:17 UTC

Mads Emil Fast Dahlerup
Chairman
On behalf of: Finans 247 Holding ApS
Serial number: 53ffe717-0c47-40e5-a55a-f7b245a6a172
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2023-07-05 13:57:02 UTC

Casper Ravn-Sørensen
Board of Directors
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Serial number: PID:9208-2002-2-074583453521
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Thomas Hjortkjær Petersen
State Authorised Public Accountant
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2023-07-05 14:49:05 UTC