# Finans 247 Holding A/S

Kristianiagade 1, 2100 København Ø

CVR no. 38 61 67 06

## Annual report 2019

Approved at the Company's annual general meeting on 7 August 2020

Chairman:

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## 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 2019.

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 2019 and of the results of the Group's and the Company's operations for the financial year 1 January – 31 December 2019.

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, 7 August 2020
Executive Board:

| | |
|---|---|
| Mads Emil Fast Dahlerup<br>CEO | Peter Ørding Andreasen<br>CFO |

Board of Directors:

| | | |
|---|---|---|
| Thomas Nistrup<br>Chairman | Peter Rene Kubicki | Mads Emil Fast Dahlerup |
| Casper Ravn-Sørensen | Jan Hansen | |

## 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 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. 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 2019 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Emphasis of matter in the financial statements

We draw attention to note 2 of the financial statements, due to limited loss data and challenges with reconciliations of the loan system, the valuation of the Company's loan receivables may be subject to material uncertainty. We have not modified our opinion in respect of this matter.

### 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.

### 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.

## Independent auditor's report

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.

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

## Independent auditor's report

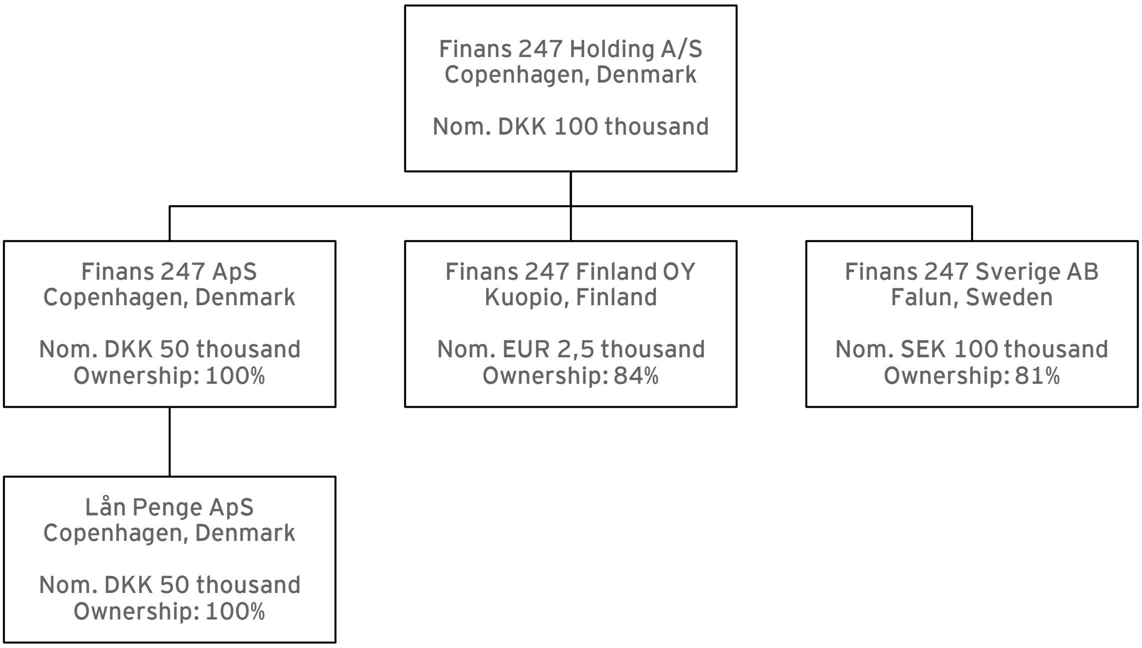
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 7 August 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen
State Authorised Public Accountant
mne33748

# Management's review

## Group chart




**Company details**

| | |
|---|---|
| Name | Finans 247 Holding A/S |
| Address, Postal code, City | Kristianiagade 1, 2100 København Ø |
| | |
| 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 | Mads Emil Fast Dahlerup, CEO<br>Peter Ørding Andreasen, CFO |
| | |
| Board of Directors | Thomas Nilstrup, Chairman<br>Peter Rene Kubicki<br>Mads Emil Fast Dahlerup<br>Casper Ravn-Sørensen<br>Jan Hansen |
| | |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg<br>Denmark |
| | |
| Bankers | Jyske Bank and Vendsyssel Sparekasse |

# Management's review

## Principal activities

The Finans 247 Holding A/S Group provides easily accessible consumer finance products for online customers in Denmark and Sweden.

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

The Company was established in 2017 and the headquarter is based in Copenhagen.

## Development in activities and financial matters

The income statement for 2019 shows a profit of DKK 10,348 thousand compared to a profit of DKK 12,981 thousand last year, and the balance sheet at 31 December 2019 shows equity of DKK 22,886 thousand. Of the total assets of DKK 202.260 thousand, loan receivables accounts for DKK 181.659 thousand, corresponding a growth of 57% compared to last year.

2019 was a year with continued growth. The Finans 247 Group ("Group") approved its first loan in Sweden and the Swedish business is now fully operational. The year was also a period of major transformation. During the year, the company hired new senior management, which has resulted in better control over processes and structure.

A new loan system was implemented in the beginning of the year, that has the qualities we want to ensure our future business plans and the implementation of new regulation within the consumer finance area. However, integration to the bookkeeping system has partly been manual and there have been challenges with extraction of data. Consequently it has not been possible to reconcile all transactions regarding the loan portfolio at a transactional level, but only on an aggregated level. Therefore, a data warehouse solution has been developed, which will allow transforming existing manual processes into automated ones, allowing on-going automated controls and reconciliations at transactional level in the future. The established data warehouse will also provide the Group even better insight into clients, cashflow and the loan portfolio. We expect, that the full data warehouse structure and governance is fully implemented during the second half of 2020.

The Company has been working to improve the administrative procedures during 2019 and in the first half of 2020, ensuring that reconciliations and other administrative procedures will be less manual and automatically reflect the level of activity. This work will continue during the second half of 2020 together with the development of the data warehouse solution.

*New regulation within consumer finance*

With effect from 1 July 2019, new regulation regarding consumer finance products has been implemented, resulting in detailed rules requiring the lender to document, that the loan is suitable to the costumer as well as detailed rules on pricing, including various caps on the loan expenses possible to charge. The Group has greeted the new rules, including the protection it will provide to the costumers on the consumer finance market, and as Finans 247 ApS historically realised interests and fees exceeding the implemented pricing caps, the Company has reviewed it's business model during 2019. Because these rules effect the total consumer finance industry, Finans 247 ApS sees possibilities in the market even though the new rules effect the earnings. We believe that the Group can strengthen it's position in the market after implementing the new regulation.

## Events after the balance sheet date

Management has reassessed the model for loan loss provisions during Covid-19 period and has as a result recognized additional provisions to the model as of 30 June 2020 and the model and the assumptions will be further reassessed during Q3 and Q4 2020.

Besides from this no events have occurred in the period up to the presentation of the annual report which materially affect the financial position.

## Management's review

### Uncertainty related to recognition and measurement

The most significant uncertainty involved in recognition and measurement relates to the expected credit loss and valuation of loan receivables. The Finans 247 Group has been issuing loans for approximately 3 years, and the Company has limited actual loss data of its portfolio. Measurement of the expected credit losses at a given time and the valuation of loans includes significant accounting adjustments. The fact that the Company has limited historical loss data due to the limited issuing time and that the Company has had the above mentioned challenges regarding integration to the bookkeeping system and extraction of data, results in an increased uncertainty as of 31 December 2019.

### *Expectations for 2020*

The Group has generally realised results in January and February 2020 according to budget. However, from the beginning of March 2020, management has found that the worldwide Covid-19 outbreak will potentially affect the Company's performance and financial position in 2020. However, it is not possible for the management at the time of financial reporting to quantify the effect further, but a lower result is expected.

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Income statement

| | | Group | | Parent | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2019 | 2018 | 2019 | 2018 |
| | **Gross profit/loss** | 108,721 | 58,635 | 4,703 | 865 |
| 4 | Staff costs | -20,710 | -7,723 | -6,714 | -2,280 |
| | Depreciation, amortisation and impairment losses | -330 | -5 | 0 | 0 |
| | Other operating expenses | -55,542 | -36,281 | -1,496 | -770 |
| | **Profit/loss before net financials** | 32,139 | 14,626 | -3,507 | -2,185 |
| | Income from investments in group enterprises | 0 | 7,734 | 0 | 7,734 |
| 5 | Financial income | 458 | 8 | 12,048 | 1,366 |
| 6 | Financial expenses | -17,136 | -7,354 | -13,155 | -1,358 |
| | **Profit/loss before tax** | 15,461 | 15,014 | -4,614 | 5,557 |
| 7 | Tax for the year | -5,113 | -2,033 | 1,016 | 429 |
| | **Profit/loss for the year** | 10,348 | 12,981 | -3,598 | 5,986 |
| | | | | | |
| | **Recommended appropriation of profit** | | | | |
| | Proposed dividend recognised under equity | | | | |
| | Retained earnings | 8,654 | 13,285 | -3,598 | 5,986 |
| | Non-controlling interests | 1,694 | -304 | 0 | 0 |
| | | 10,348 | 12,981 | -3,598 | 5,986 |

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Balance sheet

| | | Group | | Parent | |
|---|---|---|---|---|---|
| Note | DKK'000 | 2019 | 2018 | 2019 | 2018 |
| | **ASSETS** | | | | |
| | **Fixed assets** | | | | |
| | **Intangible assets** | | | | |
| | Acquired intangible assets | 2,414 | 0 | 0 | 0 |
| | Patents, licenses and trademarks | 160 | 160 | 0 | 0 |
| | | 2,574 | 160 | 0 | 0 |
| | **Property, plant and equipment** | | | | |
| | Fixtures and fittings, tools and equipment | 957 | 64 | 0 | 0 |
| | Leasehold improvements | 65 | 0 | 0 | 0 |
| | | 1,022 | 64 | 0 | 0 |
| | **Investments** | | | | |
| 7 | Equity investments in group entities | 0 | 0 | 125 | 125 |
| | Receivables from group entities | 0 | 0 | 8,617 | 3,651 |
| | Deposits, Investments | 749 | 1,058 | 100 | 400 |
| | | 749 | 1,058 | 8,842 | 4,176 |
| | **Total fixed assets** | 4,345 | 1,282 | 8,842 | 4,176 |
| | **Non-fixed assets** | | | | |
| | **Receivables** | | | | |
| 8 | Loan receivables | 181,659 | 115,494 | 0 | 0 |
| | Receivables from group entities | 0 | 0 | 113,339 | 51,957 |
| | Other receivables | 2,758 | 2,522 | 1,530 | 2,395 |
| | | 184,417 | 118,016 | 114,868 | 54,352 |
| | **Cash** | 13,498 | 12,882 | 8,179 | 8,541 |
| | **Total non-fixed assets** | 197,915 | 130,898 | 123,047 | 62,893 |
| | **TOTAL ASSETS** | 202,260 | 132,180 | 131,889 | 67,069 |

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Balance sheet

| Note | DKK'000 | Group 2019 | Group 2018 | Parent 2019 | Parent 2018 |
|---|---|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| 10 | Share capital | 100 | 100 | 100 | 100 |
| | Retained earnings | 22,078 | 13,728 | 1,896 | 5,494 |
| | **Finans 247 Holding A/S' shareholders' share of equity** | 22,178 | 13,828 | 1,996 | 5,594 |
| | Non-controlling interests | 1,694 | -304 | 0 | 0 |
| | **Total equity** | 23,872 | 13,524 | 1,996 | 5,594 |
| | **Provisions** | | | | |
| 11 | Deferred tax | 3 | 3 | 0 | 0 |
| | **Total provisions** | 3 | 3 | 0 | 0 |
| | **Liabilities other than provisions** | | | | |
| | **Long-term liabilities other than provisions** | | | | |
| | Subordinated loan capital | 56,516 | 27,800 | 50,216 | 12,500 |
| | Convertible debt instruments | 18,674 | 0 | 18,674 | 0 |
| | Other payables | 27,250 | 29,261 | 25,250 | 23,061 |
| | | 102,440 | 57,061 | 94,140 | 35,561 |
| | **Short-term liabilities other than provisions** | | | | |
| 12 | Short-term portion of long-term liabilities | 44,616 | 44,026 | 32,416 | 24,026 |
| | Trade payables | 2,667 | 6 | 10 | 0 |
| | Payables to group entities | 0 | 0 | 1,097 | 745 |
| | Payables to associates | 0 | 150 | 0 | 150 |
| | Corporation tax | 5,096 | 0 | 0 | 0 |
| | Other payables | 23,565 | 17,360 | 2,229 | 943 |
| | Payables to shareholders and management | 0 | 50 | 0 | 50 |
| | | 75,945 | 61,592 | 35,753 | 25,914 |
| | **Total liabilities other than provisions** | 178,385 | 118,653 | 129.892 | 61,475 |
| | **TOTAL EQUITY AND LIABILITIES** | 202,260 | 132,180 | 131,889 | 67,069 |

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

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Notes

1 **Accounting policies**

The annual report of Finans 247 Holding A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to class B entities.

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

Comparative figures for prior year as been corrected in order to give an correct comparative. This has not had any effect in profit/loss or equity in prior 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.

## Consolidated financial statements and parent company 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

**Revenue**

Revenue comprises of interest and fees 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.

**Gross Profit**

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.

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### 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.

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.

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Notes

1 **Accounting policies (continued)**

## Balance sheet

### 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.

### 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.

# Consolidated financial statements and parent company 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.

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Notes

## 1 Accounting policies (continued)

### 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.

### 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.

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Notes

2 **Uncertainty related to recognition and measurement**

The most significant uncertainty involved in recognition and measurement relates to the expected credit losses and valuation of loan receivables. The Finans 247 Group has been issuing loans for approximately 3 years, and the Company has limited actual loss data on its portfolio. Measurement of the expected credit losses at a given time includes a significant accounting adjustments. The fact that the Company has limited historical loss data due to the limited issuing time and that the Company has implemented a new loan system with certain challenges regarding integration to the bookkeeping system and extraction of data, as mentioned in the Management´s review, section "Development in activities and financial matters", results in an increased uncertainty as of 31 December 2019.

3 **Events after the balance sheet date**

Management has reassessed the model for loan loss provisions in Covid-19 period and has as a result recognized additional provisions to the model as of 30 June 2020, and the model and the assumptions will be further reassessed during Q3 and Q4 2020.

Besides from this no events have occurred in the period up to the presentation of the annual report which materially affect the financial position.

| | | Group | | Parent | |
|---|---|---|---|---|---|
| | DKK'000 | 2019 | 2018 | 2019 | 2018 |
| 4 | **Staff costs** | | | | |
| | Wages and salaries | 17,667 | 6.604 | 6,218 | 2,022 |
| | Pensions | 1,176 | 392 | 376 | 155 |
| | Other social security costs | 1,867 | 630 | 120 | 8 |
| | | 20,710 | 7.626 | 6,714 | 2,185 |
| | Average number of full-time employees | 35 | 13 | 5 | 2 |
| 5 | **Financial income** | | | | |
| | Interest income from subsidiaries | 0 | 0 | 11,617 | 1,363 |
| | Foreign exchange gains | 458 | 8 | 432 | 3 |
| | | 458 | 8 | 12,048 | 1,366 |
| 6 | **Financial expenses** | | | | |
| | Interest expenses to group entities | 0 | 0 | 0 | 48 |
| | Other financial expenses | 17,136 | 7,354 | 13,155 | 1,310 |
| | | 17,136 | 7,354 | 13,155 | 1,358 |
| 7 | **Tax for the year** | | | | |
| | Current tax for the year | -5,113 | -2.030 | 1,031 | 429 |
| | Estimated tax charge for the year | 0 | -3 | -15 | 0 |
| | | -5,113 | -2.033 | 1,016 | 429 |

# Consolidated financial statements and parent company financial statements 1 January – 31 December

## Notes

| DKK'000 | Parent 2019 | Parent 2018 |
|---|---|---|
| **8 Equity investments in group entities** | | |
| Cost at 1 January | 125 | 144 |
| Additions | 0 | 0 |
| Disposals | 0 | -19 |
| Cost at 31 December | 125 | 125 |
| Impairment losses at 1 January | 0 | 0 |
| Impairment losses at 31 December | 0 | 0 |
| **Carrying amount at 31 December** | 125 | 125 |

| Name and registered office | Voting rights and ownership | Profit/loss DKK'000 | Equity DKK'000 |
|---|---|---|---|
| Finans 247 ApS, Copenhagen, Denmark | 100% | 21,726 | 31,101 |
| Finans 247 Sverige AB, Falun, Sweden | 81% | -4,812 | 292 |
| Finans 247 Finland Oy, Kuopio, Finland* | 84% | -2,968 | -3,072 |
| Lån & Penge ApS* | 100% | - | - |

*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 2019 | Group 2018 | Parent 2019 | Parent 2018 |
|---|---|---|---|---|
| **9 Loan Receivables** | | | | |
| Loan Receivables before write-off | 235,360 | 146,714 | 0 | 0 |
| Write-off bad debt | -53,701 | -31,220 | 0 | 0 |
| | 181,659 | 115,494 | 0 | 0 |

### 10 Share capital

The share capital consists of 100,000 shares of nom. DKK 1 each.

During 2019 the Company has sold the remainder of its 3,500 treasury shares of nom. DKK 1 each.

| DKK'000 | Group 2019 | Group 2018 | Parent 2019 | Parent 2018 |
|---|---|---|---|---|
| **11 Deferred tax** | | | | |
| Deferred tax at 1 January | 3 | 3 | 0 | 0 |
| Other deferred tax | 0 | 0 | 0 | 0 |
| | 3 | 3 | 0 | 0 |

# Consolidated financial statements and parent company 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 2019 | Group 2018 | Parent 2019 | Parent 2018 |
|---|---|---|---|---|
| *Subordinated loan from associates* | | | | |
| 0 - 1 years | 6,000 | 0 | 0 | 0 |
| 1 - 5 years | 56,516 | 27,800 | 50,216 | 12,500 |
| > 5 years | 0 | 0 | 0 | 0 |
| *Convertible debt instruments* | | | | |
| 0 - 1 years | 0 | 0 | 0 | 0 |
| 1 - 5 years | 18,674 | 0 | 18,674 | 0 |
| > 5 years | 0 | 0 | 0 | 0 |
| *Other payables* | | | | |
| 0 - 1 years | 38,616 | 44,026 | 32,416 | 24,026 |
| 1 - 5 years | 27,250 | 29,261 | 25,250 | 23,061 |
| > 5 years | 0 | 0 | 0 | 0 |
| | 147,056 | 101,087 | 126,556 | 59,587 |

### 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 2019.

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.

The Group's Danish entities are jointly and severally liable for joint VAT registration.

#### Other financial obligations

Other rent and lease obligations have a carrying amount at 31 December 2019 on DKK 3,784 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.