

# Finans 247 Holding A/S

Vester Voldgade 83, 2, 1552 København V

CVR no. 38 61 67 06

## Annual report 2020

Approved at the Company's annual general meeting on 15 June 2021

Chairman:



.....  
Jeff Saul





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### 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 2020.

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 2020 and of the results of the Group's and the Company's operations for the financial year 1 January - 31 December 2020.

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, 15 June 2021  
Executive Board:

Mads Emil Fast Dahlerup  
CEO

Peter Ørding Andreasen  
CFO

Board of Directors:

Thomas Nistrup  
Chairman

Peter Rene Kubicki

Mads Emil Fast Dahlerup

Iavor Tzolov

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 2020, 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 2020 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 2020 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

We draw the attention to section "Special circumstances" in note 2 of the financial statements, and the description of the identified errors in the annual report for 2019 and the impact of this annual report for 2020, where comparative figures from 2019 have been changed. 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.



## 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.

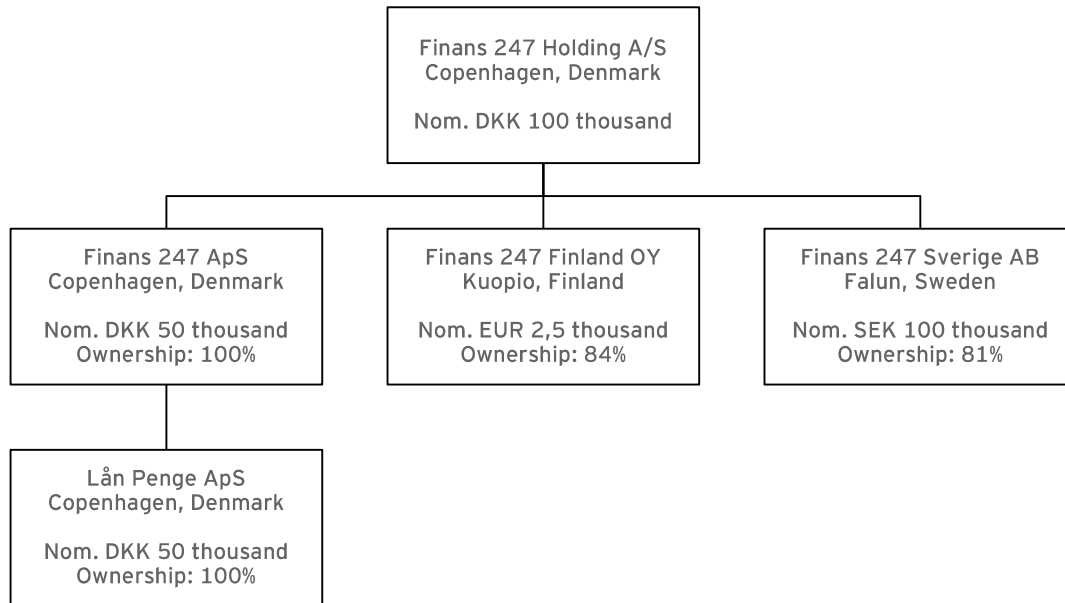
Copenhagen, 15 June 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Thomas Hjortkjær Petersen', is written over the printed name.

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	<a href="http://www.lendomatic.com">www.lendomatic.com</a>
E-mail	<a href="mailto:info@lendomatic.com">info@lendomatic.com</a>
Telephone	+45 71 70 10 60
Executive Board	Mads Emil Fast Dahlerup, CEO Peter Ørding Andreasen, CFO
Board of Directors	Thomas Nistrup, Chairman Peter Rene Kubicki Mads Emil Fast Dahlerup Iavor Tzolov Casper Ravn-Sørensen Jan Hansen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg Denmark
Bankers	Vendsyssel Sparekasse

## Management's review

### Financial highlights for the Group

DKK m	2020	2019	2018	2017*
<b>Key figures</b>				
Gross profit/loss	77,180	108,329	22,257	4,791
Profit/loss before net financials	28,346	30,471	14,626	2,179
Net financials	-20,738	-16,704	-7,346	1,508
Profit/loss for the year	4,741	8,565	12,981	489
<b>Balance sheet</b>				
Non-current assets	5,640	4,345	1,282	0
Current assets	240,268	199,435	130,898	46,755
Total assets	245,908	203,780	132,180	46,755
Investments in property, plant and equipment	-363	1,180	69	0
Equity	32,523	27,632	13,871	589
Non-current liabilities	87,281	102,440	57,061	40,770
Current liabilities	126,685	73,670	118,653	46,166
<b>Income statement</b>				
Cash flows from operating activities	-42,119	-41,831	-50,494	-37,590
Cash flows from investing activities	-2,046	-3,522	229	0
Cash flows from financing activities	37,774	45,969	59,557	41,180
Total cash flows	-6,391	616	9,292	3,590
<b>Financial ratios</b>				
Current ratio	190	271	110	101
Cash conversion ratio	-149	-137	-345	-1,725
Equity ratio	14%	15%	10%	1%
Return on equity	22%	47%	184%	-
<b>Employees</b>				
Average number of full-time employees	35	35	13	6

\* Covers the period 4 May - 31 December 2017

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

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

## Management's review

### Principal activities

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

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

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

### Development in activities and financial matters

The income statement for 2020 shows a profit of DKK 4,741 thousand against a profit of DKK 8,565 thousand last year, and the balance sheet at 31 December 2020 shows an equity of DKK 32,523 thousand with no dividends proposed for the year. Loan receivables total DKK 222,172 thousand, which represents a 22% increase compared to the previous year.

Clearly, 2020 was heavily impacted by the Covid-19 pandemic. In order to fully and accurately assess the impact of the health crisis, the Company deliberately reduced its monthly loan issuance from the highest level ever reached in February 2020, down to an almost full stop during March 2020. To manage the riskier outlook, the Company focused on risk mitigation rather than growth. Between April and June the Company speedily introduced additional functionalities and features to its automated credit processes to further reduce credit risk and initiated targeted loan repayment agreements in order to mitigate the impact of potential defaults. Thanks to these newly developed functionalities, the Company could actively and precisely reduce the balance sheet exposure to those specific client segments that were most severely impacted by the pandemic. From September onwards, the Company resumed its customer acquisition activities, albeit at somewhat lower levels than at the beginning of the year, treating carefully in the new highly unpredictable economic context.

Moreover, starting in March 2020, the Company reduced its expenses to compensate for reduced earnings due to the Covid-19 pandemic. The cost-cutting efforts included a substantial reduction of staff and the re-negotiation of various fixed expenses. The financial impact of these initiatives will materialize fully in 2021.

New regulation introduced in Denmark with effect from July 2020 introduced an APR ceiling of 25%. The regulatory change accelerated the Group's decision to offer loans with longer maturities. In 2020, the Company introduced new loan products in Denmark that have contractual duration of 3 years; the Group has also been testing products with a 5 year duration.

The situation in Sweden was stable throughout 2020, and the Company's products continue to be regulated under the "high cost credits" legislation. The Swedish market therefore remains attractive from a unit economics perspective, and since July 2020 the Group's activities have been more evenly balanced between Denmark and Sweden (it had previously been largely focused on Denmark where it has a deep knowledge of the market).

The Company has maintained its effort to deliver fully automated processes, controls and reconciliations. This is a significant differentiator and driver of profitability, particularly in the current market environment. Finans 247 has built its own data warehouse, and has considerably enhanced its functionalities during the year. By the end of 2020 several processes have been automated end-to-end with in-built controls, providing superior insights into clients, loans and cashflow, both on the individual level and the portfolio level.

Issues relating to residual manual processes have largely been remedied, and the Company continues to focus on maintaining and improving on fully automated front- and back-end processes, with the clear ambition of maintaining and improving on the highest level of digitization in the Danish market throughout 2021. This will appreciably strengthen the Company's competitive position in its core market: Consumer loans with a value up to DKK 50,000.



## Management's review

### Uncertainty related to recognition and measurement

The most significant uncertainty relate to the recognition and measurement of the Company's expected credit loss and its valuation of loan receivables. In 2020, the Company's existing IT infrastructure was augmented by the successful addition of a data warehouse solution. This has allowed for a detailed analysis of individual loans across the entire loan life-cycle. Based on the historic performance of closed loans, expected loss rates have been recalibrated and used to build a system-supported model for measuring expected loan losses based on behavioral and statistical evidence. As of 31 December 2020, this updated model is used as the basis for making loan loss provisions and has resulted in a substantial improvement compared to the historical provisioning model.

### Special circumstances

The Company faced challenges with administrative procedures in 2019. It had implemented a new loan system that was not fully integrated with its bookkeeping system, such that transactions could only be reconciled with the loan portfolio at an aggregated level. The Company began enhancing its administrative capabilities in the second half of 2019 and has continued to do so in 2020, including by using the newly developed capabilities thanks to its data warehouse initiative, resulting in the implementation of automatic reconciliations. This has allowed the Company to identify discrepancies in its 2019 annual report, and to remedy them in its 2020 report by fully adjusting the comparative figures from 2019. Relative to the figures originally published, the 2019 profit was adjusted by DKK -1,783 thousand, total assets increased by DKK 1,520 thousand and total equity increased by DKK 3,760 thousand.

### Events after the balance sheet date

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

### *Financial risks and use of financial instruments*

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

#### ***Credit risk***

As a lending company, Finans 247 is naturally exposed to a level of credit risk. That risk is relatively high given that the Company specializes in providing smaller consumer finance loans without collateral. While the Company uses its technologies to minimize risk exposure and collect non-performing loans, it still faces a significant risk of losses on a portion of the loans it grants. This risk is reflected in the credit loss provisions, based on historic, behavioural and statistical evidence as at the date of the closing of the financial accounts.

#### ***Operational risk***

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

#### ***Liquidity and funding risk***

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

## Management's review

### Research and development activities

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

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

### Knowledge resources

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

### Expectations for 2021

The Company's results in January and February 2021 exceeded expectations and are above budget. As a result, for the remainder of 2021, the Company intends to focus primarily on; 1) continuing to improve and build on the automation of its processes, particularly in light of recent regulatory guidelines, and 2) on increasing the volume of loans it issues starting in Q4 2021. In this scenario, the Group expects to maintain a positive result before tax for 2021.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	Group		Parent	
		2020	2019	2020	2019
	<b>Gross profit/loss</b>	77,180	108,329	2,861	4,703
4	Staff costs	-22,952	-20,920	-6,964	-6,714
	Depreciation, amortisation and impairment losses	-1,177	-333	0	0
	Other operating expenses	-24,648	-56,605	-1,512	-1,496
	<b>Profit/loss before net financials</b>	28,403	30,471	-5,615	-3,507
5	Financial income	2,755	457	17,286	12,048
6	Financial expenses	-23,493	-17,161	-18,703	-13,155
	<b>Profit/loss before tax</b>	7,665	13,767	-7,032	-4,614
7	Tax for the year	-2,924	-5,202	1,547	1,016
	<b>Profit/loss for the year</b>	4,741	8,565	-5,485	-3,598
	<b>Recommended appropriation of profit</b>				
	Retained earnings before tax	9,584	15,461	-7,032	-4,614
	Non-controlling interests before tax	-1,919	-1,694	-	-
		7,665	13,767	-7,032	-4,614
	Proposed dividend recognised under equity	0	0	0	0
	Retained earnings after tax	6,660	10,259	-5,485	-3,598
	Non-controlling interests after tax	-1,919	-1,694	-	-
		4,741	8,565	-5,485	-3,598

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	Group		Parent	
		2020	2019	2020	2019
	<b>ASSETS</b>				
	<b>Fixed assets</b>				
	<b>Intangible assets</b>				
	Goodwill	702	0		
	Acquired intangible assets	3,839	2,414	0	0
	Patents, licenses and trademarks	0	160	0	0
		<u>4,541</u>	<u>2,574</u>	<u>0</u>	<u>0</u>
	<b>Property, plant and equipment</b>				
	Fixtures and fittings, tools and equipment	354	957	0	0
	Leasehold improvements	80	65	0	0
		<u>434</u>	<u>1,022</u>	<u>0</u>	<u>0</u>
	<b>Investments</b>				
8	Equity investments in group entities	0	0	125	125
	Receivables from group entities	0	0	9,989	8,617
	Deposits, Investments	665	749	0	100
		<u>665</u>	<u>749</u>	<u>10,114</u>	<u>8,842</u>
	<b>Total fixed assets</b>	<u>5,640</u>	<u>4,345</u>	<u>10,114</u>	<u>8,842</u>
	<b>Non-fixed assets</b>				
	<b>Receivables</b>				
9	Loan receivables	222,631	183,179	0	0
	Receivables from group entities	0	0	150,045	113,339
	Other receivables	8,131	2,758	7,330	6,579
	Prepayments	2,399	0	1,623	0
		<u>233,161</u>	<u>185,937</u>	<u>158,998</u>	<u>119,918</u>
	<b>Cash</b>	<u>7,107</u>	<u>13,498</u>	<u>5,256</u>	<u>8,179</u>
	<b>Total non-fixed assets</b>	<u>240,268</u>	<u>199,435</u>	<u>164,254</u>	<u>128,097</u>
	<b>TOTAL ASSETS</b>	<u>245,908</u>	<u>203,780</u>	<u>174,369</u>	<u>136,939</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	Group		Parent	
		2020	2019	2020	2019
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
10	Share capital	2,000	2,000	2,000	2,000
	Retained earnings	33,070	27,718	-439	5,046
	<b>Finans 247 Holding A/S' shareholders' share of equity</b>	<b>35,070</b>	<b>29,718</b>	<b>1,561</b>	<b>7,046</b>
	Non-controlling interests	-3,556	-2,086	-	-
	<b>Total equity</b>	<b>32,523</b>	<b>27,632</b>	<b>1,561</b>	<b>7,046</b>
	<b>Provisions</b>				
11	Deferred tax	839	38	0	0
	<b>Total provisions</b>	<b>839</b>	<b>38</b>	<b>0</b>	<b>0</b>
	<b>Liabilities other than provisions</b>				
	<b>Long-term liabilities other than provisions</b>				
	Subordinated loan capital	8,000	56,516	8,000	50,216
	Convertible debt instruments	79,281	18,674	79,281	18,674
	Other payables	0	27,250	0	25,250
		<b>87,281</b>	<b>102,440</b>	<b>87,281</b>	<b>94,140</b>
	<b>Short-term liabilities other than provisions</b>				
12	Short-term portion of long-term liabilities	97,549	44,616	79,050	32,416
	Trade payables	1,186	2,667	0	10
	Payables to group entities	0	0	0	1,098
	Corporation tax	2,404	4,709	0	0
	Other payables	24,127	21,678	6,477	2,229
	Payables to shareholders and management	0	0	0	0
		<b>125,265</b>	<b>73,670</b>	<b>85,527</b>	<b>35,753</b>
	<b>Total liabilities other than provisions</b>	<b>212,546</b>	<b>176,110</b>	<b>172,808</b>	<b>129,893</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>245,908</b>	<b>203,780</b>	<b>174,369</b>	<b>136,939</b>

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

## Financial statements 1 January - 31 December

### Statement of changes in equity

#### Group

DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2019	100	13,728	13,828	-304	13,524
Capital injection	1,900	-	1,900	-	1,900
Sale of own shares, gain	-	3,150	3,150	-	3,150
Transferred; see distribution of profit/loss	-	10,259	10,259	-1,694	8,565
Foreign exchange adjustments, foreign subsidiary	-	-31	-31	-7	-38
Other equity adjustments	-	191	191	340	531
<b>Equity at 1 January 2020</b>	<b>2,000</b>	<b>27,297</b>	<b>29,297</b>	<b>-1,665</b>	<b>27,632</b>
Transferred; see distribution of profit/loss	0	6,660	6,660	-1,919	4,741
Foreign exchange adjustments, foreign subsidiary	-	122	122	28	150
<b>Equity at 31 December 2020</b>	<b>2,000</b>	<b>34,079</b>	<b>36,079</b>	<b>-3,556</b>	<b>32,523</b>

#### Parent

DKK'000	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2019	100	5,494	5,594	-	5,594
Capital injection	1,900	-	1,900	-	1,900
Transferred; see distribution of profit/loss	-	-3,598	-3,598	-	-3,598
Sale of own shares, gain	-	3,150	3,150	-	3,150
<b>Equity at 1 January 2020</b>	<b>2,000</b>	<b>5,046</b>	<b>7,046</b>	<b>-</b>	<b>7,046</b>
Transferred; see distribution of profit/loss	0	-5,485	-5,485	-	-5,485
<b>Equity at 31 December 2020</b>	<b>2,000</b>	<b>-439</b>	<b>1,561</b>	<b>-</b>	<b>1,561</b>



## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	Group	
		2020	2019
	Profit/loss for the year	4,741	8,565
	<i>Adjustment for items without cash effect</i>		
	Depreciation and amortisation	1,177	333
	Provision for impairment losses on loans	27,733	17,143
	Expensed tax	2,924	5,202
	<i>Adjustment for items with cash effect</i>		
	Corporation tax paid	-4,655	-2,061
	Cash generated from operations before changes in working capital	31,920	29,182
	Movement in operating capital		
	Loans before provisions for impairment losses	-62,783	-88,646
	Other assets and liabilities	-11,256	17,633
	<b>Cash flows from operating activities</b>	<b>-42,119</b>	<b>-41,831</b>
	Acquisition of intangible assets	-2,408	-2,342
	Acquisition of property, plant and equipment	363	-1,180
	<b>Cash flows from investing activities</b>	<b>-2,045</b>	<b>-3,522</b>
	Loan financing:		
	Repayments of subordinated, convertible and other loans	-33,200	-21,000
	New subordinated debt	206	0
	New convertible debt instruments	60,607	18,674
	Other loans obtained	10,160	48,295
	<b>Cash flows from financing activities</b>	<b>37,773</b>	<b>45,969</b>
	<b>Cash flows for the year</b>	<b>-6,391</b>	<b>616</b>
	Cash and cash equivalents, beginning of year	13,498	12,882
	<b>Cash and cash equivalents, year end</b>	<b>7,107</b>	<b>13,498</b>

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 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium class C entities.

The accounting policies used in the preparation of the consolidated financial statements and the parent company financial statements have been changed due to the development in revenue, total assets and numbers of employees, where applying the rules as a class B entity is not possible from the financial year 2020.

Comparative figures for prior year have been adjusted in order to give a correct comparative, and furthermore errors from 2019 has been corrected with reference to note 2.

#### 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 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.

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

###### Staff costs

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

###### Other operating expenses

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

###### Profit/loss from investments in group entities

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

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

###### Financial income and expenses

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

###### Tax for the year

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

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

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

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

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

#### Intangible assets

##### *Development projects, patents and licences*

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

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

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

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

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

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

#### Balance sheet

##### Property, plant and equipment

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

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

Fixtures and fittings	3-5 years
Leasehold improvements	5 years

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

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

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

Equity investments in subsidiaries and associates are measured at cost.

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

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

##### Impairment of non-current assets

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

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Loan receivables

Loan receivables are measured at amortised cost.

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

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

##### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

##### Cash

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

##### Equity

##### *Proposed dividends*

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

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

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

Other liabilities are measured at net realisable value.

##### Cash flow statement

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

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

##### Cash flows from operating activities

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

##### Cash flows from investing activities

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

##### Cash flows from financing activities

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



## Financial statements 1 January - 31 December

### Notes

#### 2 Uncertainty related to recognition and measurement including special circumstances

##### Uncertainty related to expected credit losses

The most significant uncertainty relate to the recognition and measurement of the Company's expected credit loss and its valuation of loan receivables. In 2020, the Company's existing IT infrastructure was augmented by the successful addition of a data warehouse solution. This has allowed for a detailed analysis of individual loans across the entire loan life-cycle. Based on the historic performance of closed loans, expected loss rates have been recalibrated and used to build a system-supported model for measuring expected loan losses based on behavioral and statistical evidence. As of 31 December 2020, this updated model is used as the basis for making loan loss provisions and has resulted in a substantial improvement compared to the historical provisioning model.

##### Special circumstances

The Company faced challenges with administrative procedures in 2019. It had implemented a new loan system that was not fully integrated with its bookkeeping system, such that transactions could only be reconciled with the loan portfolio at an aggregated level. The Company began enhancing its administrative capabilities in the second half of 2019 and has continued to do so in 2020, including by using the newly developed capabilities thanks to its data warehouse initiative, resulting in the implementation of automatic reconciliations. This has allowed the Company to identify discrepancies in its 2019 annual report, and to remedy them in its 2020 report by fully adjusting the comparative figures from 2019. Relative to the figures originally published, the 2019 profit was adjusted by DKK -1,783 thousand, total assets increased by DKK 1,520 thousand and total equity increased by DKK 3,760 thousand.

#### 3 Events after the balance sheet date

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

DKK'000	Group		Parent	
	2020	2019	2020	2019
<b>4 Staff costs</b>				
Wages and salaries	19,835	17,886	6,339	6,218
Pensions	1,413	1,167	539	376
Other social security costs	1,704	1,867	86	120
	<u>22,952</u>	<u>20,920</u>	<u>6,964</u>	<u>6,714</u>
Average number of full-time employees	35	35	4	5
Number of employees at the balance sheet date	26	39	4	5
Executive Board	3,382	2,715	3,382	2,715
Board of Directors	360	360	360	360
<b>5 Financial income</b>				
Interest income from subsidiaries	0	0	16,372	11,617
Foreign exchange gains	2,755	457	914	432
	<u>2,755</u>	<u>457</u>	<u>17,286</u>	<u>12,048</u>

## Financial statements 1 January - 31 December

### Notes

DKK'000	Group		Parent	
	2020	2019	2020	2019
<b>6 Financial expenses</b>				
Interest expenses to group entities	0	0	0	0
Other financial expenses	23,493	17,161	18,703	13,155
	<u>23,493</u>	<u>17,161</u>	<u>18,703</u>	<u>13,155</u>
<b>7 Tax for the year</b>				
Current tax for the year	-3,240	-5,202	1,562	1,031
Tax regulations from prior year	316	0	-15	-15
	<u>-2,924</u>	<u>-5,202</u>	<u>1,547</u>	<u>1,016</u>

DKK'000	Parent	
	2020	2019
<b>8 Equity investments in group entities</b>		
Cost at 1 January	125	125
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	<u>125</u>	<u>125</u>

Name and registered office	Voting rights and ownership	Profit/loss DKK'000	Equity DKK'000
Finans 247 ApS, Copenhagen, Denmark	100%	20,254	51,355
Finans 247 Sverige AB, Falun, Sweden*	81%	-9,739	-8,257
Finans 247 Finland Oy, Kuopio, Finland*	84%	-428	-4,070
Lån & Penge ApS*	100%	-43	-74

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

DKK'000	Group		Parent	
	2020	2019	2020	2019
<b>9 Loan Receivables</b>				
Loan Receivables before provisions	298,143	235,360	0	0
Provisions for bad debt	-75,512	-52,181	0	0
	<u>222,631</u>	<u>183,179</u>	<u>0</u>	<u>0</u>

## Financial statements 1 January - 31 December

### Notes

#### 10 Share capital

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

During 2019 the Company has sold the remaining holdings of own shares and does not hold own shares at 31 December 2020.

DKK'000	Group		Parent	
	2020	2019	2020	2019
<b>11 Deferred tax</b>				
Other deferred tax	839	38	0	0
	<u>839</u>	<u>38</u>	<u>0</u>	<u>0</u>

#### 12 Non-current liabilities other than provisions

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

DKK'000	Group		Parent	
	2020	2019	2020	2019
<i>Subordinated loan from associates</i>				
0 - 1 years	42,422	6,000	42,422	0
1 - 5 years	8,000	56,516	8,000	50,216
> 5 years	0	0	0	0
<i>Convertible debt instruments</i>				
0 - 1 years	0	0	0	0
1 - 5 years	79,281	18,674	79,281	18,674
> 5 years	0	0	0	0
<i>Other payables</i>				
0 - 1 years	55,127	38,616	36,628	32,416
1 - 5 years	0	27,250	0	25,250
> 5 years	0	0	0	0
	<u>184,830</u>	<u>147,056</u>	<u>166,330</u>	<u>126,556</u>

#### 13 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Group is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Group's financial position apart from the receivables and payables recognised in the balance sheet at 31 December 2020.

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 2020 on DKK 2,138 thousand (31 December 2019: DKK 3,784 thousand).

**Financial statements 1 January - 31 December****Notes****14 Related parties**

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

**Parties exercising control**

<b>Related party</b>	<b><u>Domicile</u></b>	<b><u>Basis of control</u></b>
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.