

Lending Lab ApS

Lille Fredensvej 13, 1. 2920 Charlottenlund
Denmark
CVR-no. 39 83 32 47

Annual report 2022

Approved at the Company's annual general meeting on 26-06-2023

Chairman at the meeting:

.....
Ulrik Bayer

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Statement by Management on the annual report

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Lending Lab ApS for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company on 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Charlottenlund, 26-06-2023

Executive Board:

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Henrik Vad
CEO

Board of Directors:

.....
Christian Lundgaard
Chairman

.....
Svend Aage Linde

.....
Henrik Vad

Independent auditor's report

To the shareholders of Lending Lab ApS

Opinion

We have audited the financial statements of Lending Lab ApS for the financial year 01.01.22 – 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.22 – 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 the 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 26-06-2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Anders Oldau Gjelstrup

State Authorised Public Accountant

Identification No (MNE) mne10777

Company details

Name Lending Lab ApS
Address Lille Fredens Vej 13, 1.
Postal Code 2920
City Charlottenlund

CVR.no: 39 83 32 47
Established 3. September 2018
Registered Office Charlottenlund
Financial Year 1. January to 31. December

Telephone. +45 8987 6060

Board of Directors Christian Lundgaard – Chairman
 Svend Aage Linde
 Henrik Vad

Executive Board: Henrik Vad, CEO

Auditors: Deloitte Statsautoriseret Revisionspartnerselskab
 Weidekampsgade 6
 2300 Copenhagen S
 Denmark

Management's review

The Company's main activities

Lending Lab ApS (formerly Flex Funding Fintech ApS) was founded in 2018, and this is the Company's fourth annual report.

Lending Lab ApS owns and continues to develop an IT platform to be used for crowdlending activities. The main customer is the parent company which leases the platform for commercial use. Customers pay a fixed leasing fee per license to the company.

Financial development

Profit after tax is DKK -4.125.204 for the period 1 January – 31 December 2022.

This is in line with Management's expectations and the strategic plan that has been decided for the Flex Funding group. This includes IT-development for the past two years with significant investments in a new crowdlending platform.

An impairment test of the IT platform has been performed per 31 December 2022. The estimated recoverable amount exceeds the booked value with a significant margin. No need for impairment adjustment was identified.

The Executive Board has decided to re-establish the equity by conversion of debt to equity in Q1 2023.

Capital and liquidity resources

Based on funding commitments from the parent company, it is Management's expectation that the company has sufficient funding to continue its operation in 2023.

Events after closing of the financial year

In March debt of DKK 10m was converted to equity.

In March all customers of Lending Lab were successfully migrated to the new crowdlending platform.

Financial statements 1 January – 31 December

Income Statement

Note	DKK	2022	2021
Gross profit / loss		-632.523	1.485.326
Depreciation property, plant, and equipment		-2.787.304	-2.663.795
Profit / loss before net financial		-3.419.827	-1.178.469
Income from group companies		-288.924	0
Financial income		394	6.208
Financial expenses		-506.985	-421.768
Profit / loss before tax of the year		-4.215.342	-1.594.029
Company tax		90.138	290.722
Profit / loss after taxes		-4.125.204	-1.303.307
Recommended Appropriation of loss			
Retained earnings		-4.125.204	-1.303.307
Total		-4.125.204	-1.303.307

Financial statements 1 January – 31 December

Balance sheet

Note	DKK	2022	2021
Assets			
Non-current assets			
Property, plant and equipment			
Software, under development	7.212.238	4.199.668	
IT Platform	10.995.340	13.782.644	
Total non-current assets	18.207.578	17.982.312	
Financial assets			
Investments in group companies	0	288.924	
Total financial assets	0	288.924	
Total non-current assets	18.207.578	18.271.236	
Current assets			
Receivables			
Other receivables	351.006	1.964.035	
Total Receivables	351.006	1.964.035	
Cash	3.030	267.737	
Total Current assets	354.036	2.231.772	
Total Assets	18.561.614	20.503.008	

Financial statements 1 January – 31 December

Balance sheet

Note	DKK	2022	2021
Liabilities			
	Equity		
	Share capital	50.000	50.000
	Reserve for development costs	18.207.578	17.982.312
	Retained earnings	-25.861.428	-21.510.958
	Total equity	-7.603.850	-3.478.646
	Payables to group companies	26.105.320	23.632.756
	Total non-current liabilities	26.105.320	23.632.756
Current liabilities			
	Trade payables	27.244	312.898
	Other payables	32.900	36.000
	Total Current liabilities	60.144	348.898
	Total liabilities	26.165.464	23.981.654
	Total equity and liabilities	18.561.614	20.503.008

3 Contractual obligations and contingencies, etc.

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1. January 2022	50.000	17.982.312	-21.510.958	-3.478.646
Development costs for the year	0	3.012.570	-3.012.570	0
Depreciations, amortisation and impairment for the year	0	-2.787.304	2.787.304	0
Profit / loss for the year	0	0	-4.125.204	-4.125.204
Equity at 31 December 2022	50.000	18.207.578	-25.861.428	-7.603.850

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Lending Lab ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

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

Income statement

Revenue

Revenue consists of leasing fees and is measured at fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, other operating income and external expenses and cost of sales have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Amortisation/ depreciation

The estimated useful life of the remaining was in 2021 changed from 5 to 4-6 years, which improved the result in 2021 by DKK 467,242. The company's assets are correspondingly higher than if the previous estimate had remained unchanged.

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

IT intangible asset: 4-6 years

Financial statements 1 January – 31 December

1 Accounting policies (continued)

Income from investments in subsidiaries

A proportionate share of the underlying entities' profit/ loss after tax as well as impairment of receivables from subsidiaries as a result of negative equity is recognized in the income statement according to the equity method. Shares of profit/ loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Intangible assets 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 for use.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries 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 recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January – 31 December

1 Accounting policies (continued)

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e., plus transaction costs.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealized intra-group gains/ losses.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Liabilities

Liabilities are measured at net realisable value.

Notes

2 non-current liabilities

Of the long-term liabilities, DKK 0 (2021: DKK 0) falls due for payment after more than 5 years after the balance sheet date.

The parent company, Flex Funding A/S, has issued a statement to the Lending Lab ApS, in which it confirms that Flex Funding A/S will not request payment of outstanding amounts until Lending Lab ApS has sufficient liquidity for such payment taking into consideration other liabilities as well.

3 Contractual obligations and contingencies, etc.

The assets of the company have been pledged to Vækstfonden as part of a loan agreement up to the amount of 10 mill. kr. (Virksomhedspant).

The Company is jointly taxed with its parent company, Flex Funding A/S. The jointly taxed entities' total known net liability in respect of corporation taxes payable amounted to DKK 0 mill. (2021: DKK 0) on 31 December 2022. Any subsequent corrections of the income subject to joint taxation may entail that the Company's liability will increase.

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Christian Lundgaard

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Henrik Vad

Adm. direktør

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Henrik Vad

Bestyrelsesmedlem

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Anders Oldau Gjelstrup

Revisor

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Ernst Ulrik Bayer

Dirigent

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Svend Aage Linde

Bestyrelsesmedlem

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