

Lending Lab ApS

Lille Fredensvej 13, 2920 Charlottenlund

Denmark

CVR-no. 39 83 32 47

Annual report 2021

Approved at the Company's annual general meeting on 2021

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 Flex Funding A/S for the financial year 1 January - 31 December 2021.

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

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

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

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

Charlottenlund, 29 June 2022

Executive Board:

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Henrik Vad
CEO

Board of Directors:

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Christian Lundgaard
Chairman

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Svend Aage Linde

.....
Martin Nymark Hansen

.....
Henrik Vad

Independent auditor's report

To the shareholders of Flex Funding A/S

Opinion

We have audited the financial statements of Flex Funding A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. 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 financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 Company 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.

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 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 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 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 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 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.

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.

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, 29 June 2022

Deloitte Statsautoriseret Revisionspartnerselskab

Anders Oldau Gjelstrup
State Authorised
Public Accountant
mne10777

Company details

Name	Flex Funding A/S
Address	Lille Fredens Vej 13
Postal Code	2920
City	Charlottenlund
CVR.no:	39 83 32 47
Established	3. December 2018
Registered Office	Charlottenlund
Financial Year	1. January to 31. December
Telephone.	+45 7060 5200
Board of Directors	Christian Lundgaard – Chairman Svend Aage Linde Martin Nymark Hansen 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 second 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 -1.303.307 for the period 1 January – 31 December 2021.

This is in line with Management's expectations and the strategic plan that has been decided for the Flex Funding group.

An impairment test of the IT platform has been performed per 31 December 2021. The estimated recoverable amount exceeds the bookkept value with a significant margin, why the need for an impairment was identified.

The Executive Board is of the opinion, that the Company will reestablish its Equity through its own future profits.

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 2022.

Events after closing of the financial year

No events that could significantly impact the financial position of the company have occurred after the closing of the financial year.

Financial statements 1 January – 31 December

Income Statement

Note	DKK	2021	2020
	Gross profit / loss	1.485.326	2.449.262
	Depreciation property, plant and equipment	-2.663.795	-6.219.563
	Profit / loss before net financial	-1.178.469	-3.770.301
	Financial income	6.208	151.634
	Financial expenses	-421.768	-430.472
	Profit / loss before taxes	-1.594.029	-4.049.139
	Company tax	290.722	1.211.075
	Profit / loss after taxes	-1.303.307	-2.838.064
	Recommended appropriation of loss		
	Retained earnings	-1.303.307	-2.838.064
	Total	-1.303.307	-2.838.064

Financial statements 1 January – 31 December

Balance sheet

Note	DKK	<u>2021</u>	<u>2020</u>
Assets			
Non-current assets			
Intangible assets			
Software, under development		4.199.668	0
IT Platform		13.782.644	12.000.000
Total intangible assets		17.982.312	12.000.000
Financial assets			
Investments in subsidiaries		288.924	0
Total financial assets		288.924	0
Total non-current assets		18.271.236	12.000.000
Current assets			
Receivables			
Receivable group internal		0	155.141
Other receivables		1.964.035	1.210.000
Total Receivables		1.964.035	1.365.141
Cash		267.737	108.754
Total Current assets		2.231.772	1.473.895
Total assets		20.503.008	13.473.895

Financial statements 1 January – 31 December

Balance sheet

Note	DKK	<u>2021</u>	<u>2020</u>
	Equity and liabilities		
	Equity		
	Share capital	50.000	50.000
	Share premium account	0	2.000.000
	Reserve for development costs	17.982.312	12.000.000
	Retained earnings	-21.510.958	-16.225.339
	Total equity	<u>-3.478.646</u>	<u>-2.175.339</u>
	Non-current liabilities		
2	Payable to parent company	23.632.756	15.613.017
	Total non-current liabilities	<u>23.632.756</u>	<u>15.613.017</u>
	Current liabilities		
	Trade payables	312.898	0
	Other payables	36.000	36.217
	Total current liabilities	<u>348.898</u>	<u>36.217</u>
	Total liabilities	<u>23.981.654</u>	<u>15.649.234</u>
	Total equity and liabilities	<u>20.503.008</u>	<u>13.473.895</u>
3	Contractual obligations and contingencies, etc.		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Share premium account</u>	<u>Reserve for development costs</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1. January 2021	50.000	2.000.000	12.000.000	-16.225.339	-2.175.339
Transferred from share premium account	0	-2.000.000	0	2.000.000	0
Development costs for the year	0	0	8.646.106	-8.646.106	0
Depreciations, amortisation and impairment for the year	0	0	-2.663.794	2.663.794	0
Transfer, see "Appropriation of profit / loss"	0	0	0	-1.303.307	-1.303.307
Equity at 31 december 2021	<u>50.000</u>	<u>0</u>	<u>17.982.312</u>	<u>-21.510.958</u>	<u>-3.478.646</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Flex Funding A/ S for 2021 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 has been changed from 5 to 4-6 years, which has improved the result for the year 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)

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)

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 (2020: 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. (2020: DKK 0) on 31 December 2021. Any subsequent corrections of the income subject to joint taxation may entail that the Company's liability will increase.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Henrik Vad

Adm. direktør

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Henrik Vad

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Martin Nymark Hansen

Bestyrelsesmedlem

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Svend Aage Linde

Bestyrelsesmedlem

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