



ANNUAL REPORT

2018

2018.01.01 - 2018.12.31



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Northmill in brief

Northmill was founded in Stockholm in 2006. The vision: Using new technology to improve people's financial life and create a more inclusive financial system that promotes financial inclusion, development and the society at large.

Inspired by the travel industry, Northmill accelerates and initiates its multi-brand strategy by launching its second brand, Credigo. The customer-centric product, without any fees, becomes an immediate success and the breakthrough is a fact.

With over 150,000 customers in total and a new license as a Swedish financial institution under the supervision of the Swedish Financial Supervisory Authority, Northmill takes a giant leap in the company's growth journey and expands to Poland.

In 2018, the company launches its fourth brand, Rebillia. A next-generation product for everyone, with the intention of helping people save both time and money. As always, the customer was at the center during the development of Rebillia, and it was all made possible through technology.



2006

2007 Northmill develops a proprietary technology platform and starts granting credit to private individuals in Sweden under the brand name Easycredit.

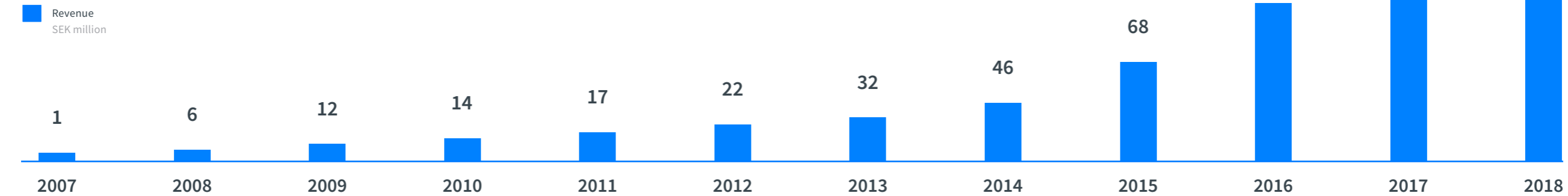
2013

2015 Northmill expand its business to Finland and launches its first revolving credit facility that provides the customer with a free line of credit to be used if needed. The innovative and user-friendly product is named Credway.

2016

2017 Northmill's journey of success continues. The company launches its first insurance product, grows to over 70 employees and files for a banking license with Swedish Financial Supervisory Authority.

2018



Our vision

Technology is a part of our DNA, and Northmill was founded on the simple vision to create products that help people simplify and optimize their financial life. We want everyone to save both time and money in every part of their life.

FINANCING

Banks Capital markets Partners Own funds



PRODUCTS

Credit card Insurances Annuity loans Revolving credits

BRANDS

Credway Credigo Easycredit Rebill

CONSUMERS

Product offering

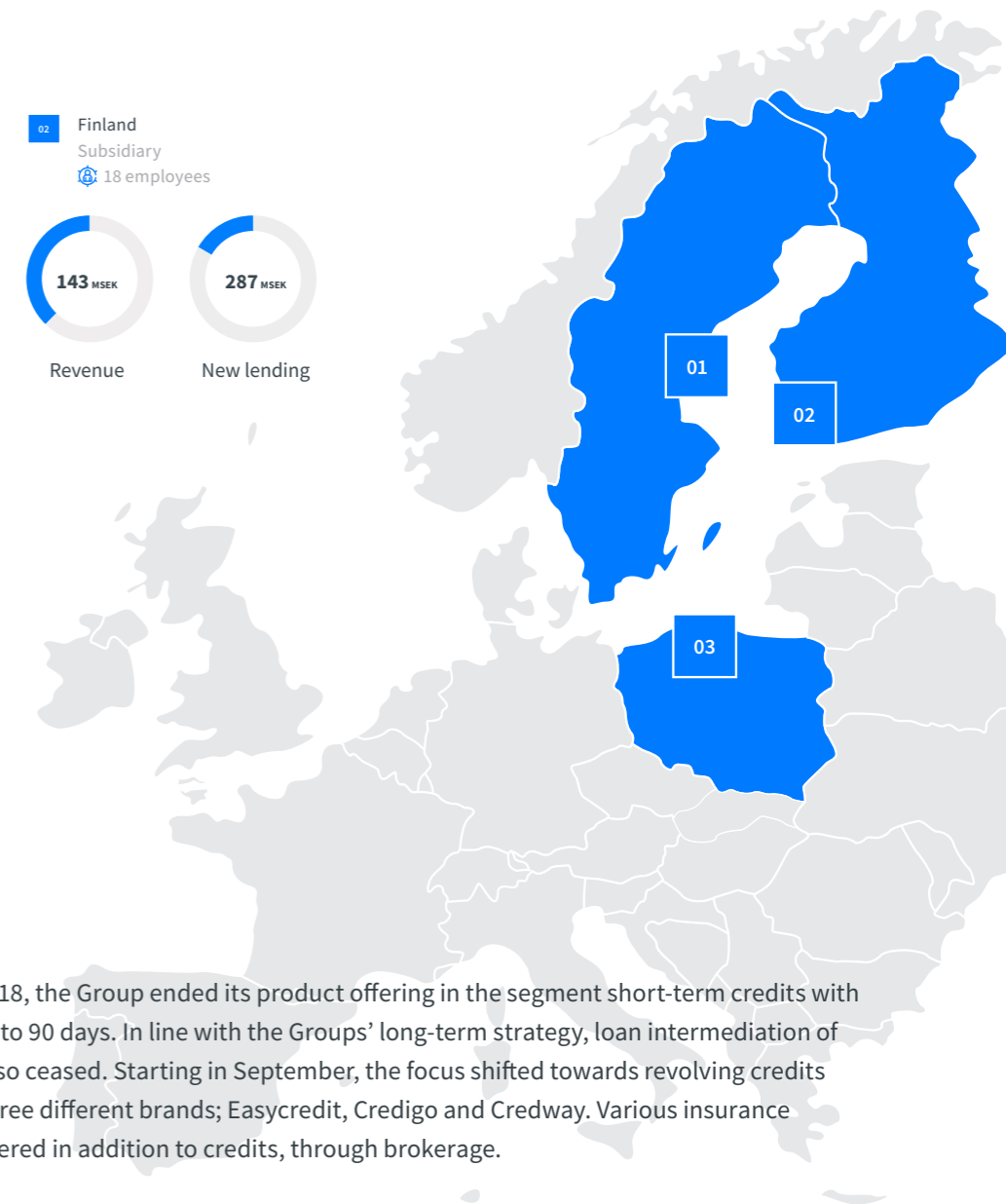
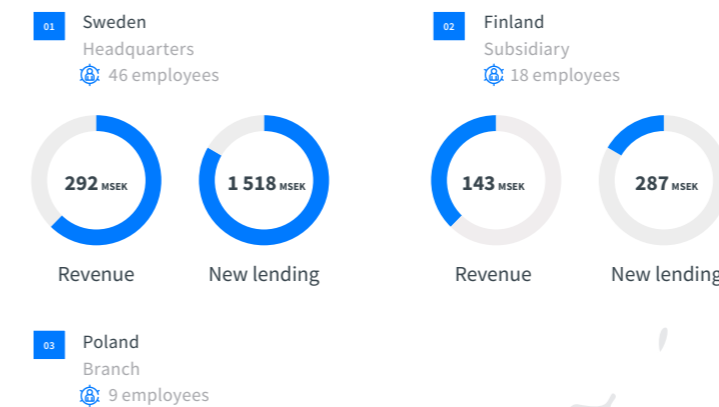
The Group's product offering consists of annuity loans, account credits, credit cards and insurance brokerage.

Digital platform

Proprietary cloud-based technology allows the company to develop top-of-the-line digital services. Since its inception in 2006, Northmill has been data-driven with a focus on effective and automated processes, a strong customer offering and scalable technology.

Markets

The Group is currently active in three countries: Sweden, Finland and Poland. Our headquarters, where all common functions are located except the IT-department, is located in Sweden. The Group's Finnish subsidiary has a commercial organization managed by a Country Manager. The Group's IT-department is located in Poland. The Group's products are mainly targeted at customers in Sweden and Finland.



Sweden

2018

In Sweden, in 2018, the Group ended its product offering in the segment short-term credits with a maturity of up to 90 days. In line with the Groups' long-term strategy, loan intermediation of annuity loans also ceased. Starting in September, the focus shifted towards revolving credits offered under three different brands; Easycredit, Credigo and Credway. Various insurance solutions are offered in addition to credits, through brokerage.

Finland

2018

In Finland, annuity loans are offered to customers via intermediation. The products are offered under two brands: Easycredit and Credigo. The products are of the same character but differ slightly in maturities and credit amounts.

Comment from the CEO



“Our unique position in the market creates great opportunity for continued growth”

In true Northmill-spirit, we look back at yet another eventful and successful year, during which Northmill has taken another step in its organic growth. We continued to deliver strong results, and when we closed the books, we noted that our revenue was SEK 435 million, which is a 42 percent increase compared with the previous year. Earnings before tax (EBT) increased by 15 percent to SEK 138 million. Over the last five years, our Compound Annual Growth Rate (CAGR) was 78 percent. The profit trend is expected to remain strong due to the stable increase in the credit portfolio, where a good margin is obtained through strong cost control and competitive offers. The product mix in Sweden changed during the year with a higher average amount per loan, lower annual interest rates for customers, longer maturities and reduced expected credit risk. Today, we are increasingly able to use our own balance sheet to finance the credit portfolio. It is a more profitable strategy in the long term, even though in the short term, this may lead to a slightly slower revenue growth than previously. We are data-driven, have a long-term strategy and invest continuously in our proprietary cloud-based technology. This makes our business model scalable and gives us a unique position in the market, laying a great foundation for continued growth.

An eventful and successful year

To diversify our funding and create flexibility, a SEK 500 million senior unsecured bond was issued in September. This was met by great interest from investors, and the additional

funding allows us to expand our product portfolio further.

As part of our ambition to reduce credit risk, we launched our first stand-alone insurance and thereby doubled the number of insurance products offered. Both products have shown good growth, nearly 200 percent in 2018. We are pleased that we can offer another layer of protection to create a healthy and safe environment for our customers. During the year, as a step towards the launch of our own credit card, the Rebill Card, we also successfully applied for, and were granted, a license to carry out payment service activities as a registered payment service provider.

Employees and customers at the center

We remain at the forefront of the technological evolution. As a part of that, we have tripled the number of employees in our IT department, a trend we believe will continue in 2019. In 2018, we grew to one hundred employees. We strive for the perfect blend of business-critical expertise in IT, analytics, digital marketing and risk. Talents who are ambitious and share our vision and want to grow with us.

We continue to handpick key personnel to the company carefully, with the aim of further strengthening the company's growth journey. Our Board of Directors also received additional expertise in the form of board members Karl Källberg and Margareta Lindahl, the latter being selected as the new Chairwoman of The Board. This means that our board currently

↑ **+98.6 %**
Loan portfolio (Lending to the public)
2018: SEK 752.7 million (378.9)

↑ **+41.5 %**
Total operating income
2018: SEK 435.9 million (308.0)



Hikmet Ego
CEO and Co-founder

has broad banking expertise with a focus on the areas of compliance, risk management and risk modeling, financing, customer benefit and technology.

Prospects for 2019

We continue to invest in strategically important areas, and 2019 has the potential to become one of Northmill's most interesting and intensive years to date. The focus is still on innovation and product development, with a number of planned product launches in 2019. These include Rebill Reduce, a savings service that will help people save money by reducing the interest rate on their existing consumer loans. It is becoming increasingly clear that we must be able to move quickly from idea to launch of a finalized product. We noticed this early on and migrated our technical infrastructure to the cloud already in 2013. We therefore have no legacy IT structures and are able to create cost-effective and scalable products with minimal time from idea to implemented product. To remain an effective organization also during periods of strong growth, we are taking steps towards becoming a more product-oriented organization. This means that we establish autonomous teams

that are responsible for developing and refining their own product. The product teams are linked together and united in a common goal; to simplify everyone's financial life.

Since 2006, we have been curious and tireless in our quest to give people the opportunity to manage their finances in a simple, safe and personal way, whenever and wherever they want. We have always been at the cutting edge of technology but with the customers at the center. This is how it will remain, as this is how we add value for our customers.

Hikmet Ego, CEO och Co-founder

Board of directors



Margareta Lindahl,
Chairwoman

Margareta joined Northmill's Board of Directors in 2018. She has extensive experience in finance and risk management. Prior positions include Head of Corporate Banking at Landshypotek Bank, Head of Risk Management at Transcendent Group and Risk Analyst at the Swedish Financial Supervisory Authority. Margareta has a diploma in Agricultural Economics from the Swedish University of Agricultural Sciences. Ownership: She holds stock options corresponding to less than 0.1 percent of the capital and votes in the Group. She is considered to be independent in relation to the Group and the Executive Management and in relation to the Group's shareholders.



Erik Fagerland,
Board Member

Erik joined Northmill's Board of Directors in 2017. He has over 30 years of experience in the financial industry, with a specialization in compliance and control at companies such as Bluestep Finans and Hoist Kredit. Erik holds an MSc in Civil Engineering from Chalmers University of Technology and an MSc in Accounting and Finance from Gothenburg University.

Ownership: He owns shares corresponding to less than 0.2 percent of the capital and votes in the Group. He is considered independent in relation to the Group and the Executive Management and in relation to the Group's shareholders.



Per Granath,
Board Member

Per joined Northmill's board Board of Directors in 2018. He has extensive business leadership experience, including as CEO at Humana from year 2006 to 2016. Per also has ten years experience from the capital market, among others, as Vice President in Handelsbanken's corporate finance department. Per has Board experience from several listed companies. Per holds an MSc in Chemical Engineering from the Royal Institute of Technology, has studied both economics and law at the School of Business, Economy and Law at Gothenburg and Stockholm's university, and holds an Executive Education from Harvard Business School.

Ownership: He holds shares corresponding to less than 4.6 percent of the capital and votes in the Group. He is not considered to be independent in relation to the Group and the Executive Management or in relation to the Group's



Björn Hazelius,
Board Member

Björn joined Northmill's Board of Directors in 2017. He has held several leading roles within the banking industry, including as CEO of Nordic Finance and GE Capital's financing company in the Benelux. Björn holds a BA from Uppsala University.

Ownership: He owns shares corresponding to less than 0.2 percent of the capital and votes in the Group. He is considered independent in relation to the Group and the Executive Management and in relation to the Group's shareholders.



George Kurt,
Board Member

George co-founded Northmill in 2006 and was appointed Chief Strategy Officer in 2018. Before Northmill, George was a serial entrepreneur in the textile and marketing industry.

Ownership: He holds shares corresponding to less than 19.0 percent of the capital and votes in the Group. He is considered independent in relation to the Group and the Executive Management and in relation to the Group's shareholders.



Karl Källberg,
Board Member

Karl joined Northmill's Board of Directors in 2018. He has over 20 years of experience from the financial industry from roles including Head of Model and Product Development at UC and Risk Manager at SEB. Karl holds a BSc in Statistics & Economics from Stockholm University.

Ownership: He holds no shares in the Group. He is considered independent in relation to the Group and the Executive Management and in relation to the Group's shareholders.

Margareta Lindahl

We want to create a more inclusive financial system that promotes financial inclusion, development and the society at large. We dare to think differently and challenge the status quo to improve people's personal finances through the use of technology. In this way, we are constantly developing as a company and are able to deliver relevant products that create a direct value for our customers.

Chairwoman
Northmill



Executive management



Hikmet Ego,
CEO

Hikmet co-founded Northmill in 2006 and became Chief Executive Officer in 2009. He has experience from the IT industry as a consultant and project manager. Hikmet holds an MSc in Industrial Engineering from the Royal Institute of Technology.



Tobias Ritzén,
CFO

Tobias joined Northmill in 2018 and assumed the role of Chief Financial Officer. He has experience from the corporate finance sector, both as an advisor and project manager in charge, most recently from EY Corporate Finance. Tobias holds a master's degree in economics from Linköping University.



George Kurt,
CSO

As co-founder of Northmill in 2006 and with a genuine entrepreneurial background from various industries, George has been a crucial part of Northmill's growth journey. Since 2018, George holds the role of Chief Strategy Officer.



Sargon Kurt,
COO

Sargon co-founded Northmill in 2006 and became Chief Operating Officer in 2017. Sargon has an entrepreneurial background in marketing, with an education in Strategic Marketing from Folkuniversitetet in Stockholm.

Hikmet Ego

The Executive Management team stays close to the day-to-day operations and utilizes its operational knowledge to implement and operate the strategy adopted by the Board of Directors. Thanks to the management structure and the company's agile working methods, the Executive Management team can quickly decide and implement changes throughout the organization.

CEO
Northmill





Corporate culture and work environment

We are our employees. Using this as a starting point, the concept of CRAFT was born. Each letter represents Northmill's soul. These core values characterize Northmill and define the way we strive to behave, internally as well as externally. Our ambition is to achieve perfection in our craft and always let our core values take top priority in everything we do.

CRAFT

Curious.

Curious represents our view on our surroundings and the possibilities brought to us by new technology, as well as our commitment to improve and simplify things. Also, the word reflects our constant questioning of established truths and our wish to keep learning more about our customers.

Relentless.

Relentless mirrors our persistent work towards providing everyone with more straightforward and secure financial services. We will not stop until we have reached our goal of a simplified financial life for everyone.

Active.

Active means that we never stop moving. Northmill was built on innovation and a belief in lifelong learning. We are constantly on the move and will, regardless of our size, always retain our identity and culture as an innovation company.

Focused.

Focused serves to remind us of why, and for whom, we exist. We always remain focused on our goal to simplify financial services for consumers. We are not a trading platform for financial instruments, and we do not offer corporate services. The only way we can reach our mission of simplifying everyone's financial life is by staying fully focused.

Thorough.

Thorough represents the fact that we never compromise on compliance, quality or security. Thoroughness pervades all aspects of our business.

Corporate governance report

The Board of Directors and CEO of Northmill Group AB (publ), corporate identity number 556786-5257, hereby present the consolidated annual statements along with the financial statements of the Parent Company for the 2018 financial year.

All amounts in the text are in SEK million unless stated otherwise. Figures in charts, tables and notes are in SEK thousands unless stated otherwise.

Group operations

Northmill Group AB (publ), including wholly-owned subsidiaries and local branches, is referred to as “the Group”. The Group’s business is lending and insurance intermediation to individuals. The Group’s operations are conducted and its services provided exclusively on the internet. Credit granting is conducted in the subsidiaries Northmill AB and Northmill Oy and comprises lending to the public in the Swedish and Finnish markets. Northmill AB is under the supervision of the Swedish Financial Supervisory Authority as a Swedish consumer credit institution licensed according to the Certain Consumer Credit-related Operations Act (2014: 275). Northmill Oy has a similar license from the Regional State Administrative Agencies.

During the year, Northmill AB has also applied for, and been granted, a license to carry out payment service activities as a registered payment service provider in accordance with the Payment Services Act (2010:751). Northmill AB has applied for a license to conduct banking operations in accordance with the Banking and Financing Business Act (2004:297). The application is currently being processed by the Swedish Financial Supervisory Authority.

Northmill is a fintech company, and our operations are always characterized by the pursuit of cost efficiencies and scalability through the use of efficient IT support and automated processes. As an efficient organization, the Group has minimized the lead time from idea to implemented service, ready to be launched. It has made it possible to develop customer-centric and competitive products at all times. Operations are conducted at the headquarters in Kista, Stockholm and the offices in Helsinki, Finland and Katowice, Poland.

Significant events during the financial year

During the year, three changes were made to the Board of Directors. Margareta Lindahl was elected at the beginning of the year as the new Chairwoman of the Group. Karl Källberg was elected in the autumn as a new board member. Göran Nilsson left the Board of Directors in connection to the Annual General Meeting. Northmill’s current Board of Directors has broad industry knowledge with a focus on the areas of compliance, risk management and risk modeling, financing, customer value and technology.

During the year, the CEO of the Group changed. Hikmet Ego assumed the position of CEO on October 5, 2018, after Lars Blomfeldt left on October 4, 2018. During the year, several recruitments were made, including a new Chief Financial Officer (CFO), Chief Risk Officer (CRO) and Chief Technology Officer (CTO).

To finance the Group’s continued growth journey, the Group issued a SEK 500 million senior unsecured bond during the year. As a result of the increased funding, the Group’s operations now have greater flexibility and the opportunity to make better use of the balance sheet.

The product mix in Sweden changed during the year with increased average amounts per loan, lower annual interest rates for customers, longer maturities and reduced expected credit risk.

The Group’s performance

The Group showed strong revenue growth and profit growth in 2018. Total revenue grew by 42 percent compared with last year and amounted to SEK 435 million (306). Earnings before tax increased by 15

percent to SEK 138 million (119). The improved profit is explained by strong revenue growth in consumer loans and insurance. Profit for the year increased by 11 percent to SEK 113 million (98), which corresponds to a return on equity of 41 percent (64).

Expenses

The C/I ratio improved to 0.31 in 2018 (0.32) due to a strong revenue growth combined with good cost control.

Credit portfolio

The total reported credit portfolio and lending to the public was SEK 752 million (379) and increased by SEK 373 million last year, corresponding to 99 percent.

Credit losses

Total credit losses were SEK 109 million (46), which is an increase of SEK 63 million. The increase is largely explained by the increase in new lending during the year and by the fact that the Group has begun to make provisions for expected future credit losses.

Dividends

According to the dividend policy set by the Board of Directors, the Group will distribute between 10–15 percent of the profit for the year in dividends. The Board of Directors proposes that SEK 15 million be distributed for the 2018 financial year.

Risks and uncertainty factors

The Group operates in a competitive market that is relatively mature. The Group’s primary risk at present is considered to be access to liquidity as required to finance a growing business with new products. This means increased uncertainty regarding the quality of the credit portfolio and its expected development, as well as the uncertainty that arises with regard to effects from new products, such as previously unknown behaviors of the new customer group that may surface in the future.

As a result of larger volumes, greater exposure arises, leading to increased credit risk. Credit risk related to the Group’s accounts receivable is spread over many customers, mainly private individuals, with small amounts. The majority of overdue receivables

that are a certain number of days past their due date are sold to external debt collection companies at an agreed portion of the receivable’s nominal value. The credit risk then passes to the counterparty. The strong growth of the credit portfolio during the year resulted in the implementation in the third quarter of a provision model for expected credit losses. Further information on risks and risk management can be found in Note 2.

Employees

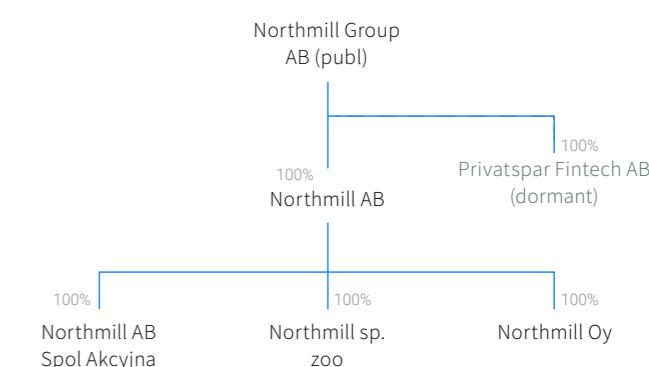
The average number of full-time employees during the period of January–December 2018 was 73 (FTE), an increase of 23.7 percent. The number of full-time positions also included temporary employees. At the end of the year, the proportion of women was 33 percent and men were 67 percent. Employee turnover was 18.2 percent during the year.

Ownership structure

Northmill Group AB (publ) owns the subsidiaries Northmill AB (100 percent) and Privatspar Fintech AB (100 percent). The Parent Company, which is classified as a large Group, has prepared consolidated accounts in accordance with Chapter 7 of the Annual Accounts Act.

Of the Parent Company’s revenues, SEK 15 million was intra-Group income from subsidiaries. Of the Parent Company’s expenses, there were no intra-Group expenses from subsidiaries.

Legal structure



PROPOSITION FOR THE DISTRIBUTION OF THE COMPANY'S PROFIT OR LOSS

Parent company

Amounts in SEK thousands	2018
The Board proposes the profits be distributed as follows:	
Retained earnings	51 572
Earnings for the period	719
Total	52 291
To be distributed as follows:	
Dividend, 111 176 x 134,92 SEK	15 000
Carried forward	37 291
Sum	52 291

Regarding the results and financial position in general, reference is made to the following income statement and balance sheet and the related notes. The Board of Directors considers that the proposal is consistent with the precautionary rule in Chapter 17, paragraph 3, of the Swedish Companies Act, according to the following statement:

The nature and extent of the operations are as provided in the Articles of Association and the Annual Reports. The activities of the company do not entail risks beyond those that exist or are likely to exist in the industry or the risks that are otherwise associated with that of operating a business. The proposed dividend does not jeopardize the investments that are deemed necessary. The company's financial position does not give rise to any other assessment than that the company can continue its operations and that the company can be expected to fulfil its obligations in the short and long term. Considering the above, the Board of Directors considers that the proposed dividend is justifiable considering the requirements set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act.

KEY FIGURES

Group

Amounts in SEK thousands	2018	2017	2016	2015	2014
INCOME STATEMENT					
Revenue	434 762	305 692	137 857	67 587	45 920
Earnings before interest and tax (EBIT)	216 418	182 902	77 050	45 635	26 598
Earnings before tax (EBT)	137 766	119 469	46 132	27 716	13 887
Earnings for the period	112 901	97 688	38 423	23 087	11 672
BALANCE SHEET					
Lending to the public	752 702	378 910	140 883	9 242	2 567
Cash and equivalents	200 702	104 665	69 327	51 873	37 042
Total assets	964 497	505 827	218 794	64 991	40 478
Total equity	327 168	226 460	78 920	48 700	25 227
New lending	1 804 417	1 540 458	878 271	338 096	204 430
ALTERNATIVE KEY FIGURES					
Return on equity %	41%	64%	60%	62%	58%
Equity/Asset ratio %	34%	45%	36%	75%	62%
C/I-ratio before net credit losses	0.31	0.32	0.42	0.42	0.56
Interest coverage ratio	4.15	3.61	3.02	2.61	2.11
Employees (FTE)	73	59	37	20	13

Definitions

Return on equity %

Profit for the period attributable to the shareholders of the Parent Company divided by average equity attributable to the shareholders of the Parent Company.

Equity/assets ratio %

Equity at the end of the period divided by total assets at the end of the period.

C/I ratio before net credit losses

Operating expenses, before net credit losses, divided by total operating income.

Interest coverage ratio

EBITDA less net credit losses divided by interest expenses.

Employees (FTE)

Average number of employees during the year.

INCOME STATEMENT

Group

Amounts in SEK thousands	Note	2018	2017
Revenue		434 762	305 692
Other operating income		1 104	2 146
Total operating income		435 866	307 838
Other external expenses	3,4	-76 031	-55 129
Personnel expenses	5	-33 435	-22 678
Depreciation and amortization		-739	-1 303
Net credit losses	12	-109 241	-45 827
Earnings before interest and tax (EBIT)		216 418	182 902
<i>Other financial income and expenses</i>			
Financial income		21	218
Financial expenses		-78 674	-63 651
Earnings before tax (EBT)		137 766	119 469
Income taxes	7	-24 865	-21 781
Earnings for the period		112 901	97 688

BALANCE SHEET

Group

Amounts in SEK thousands	Note	31 dec 2018	31 dec 2017
ASSETS			
<i>Non-current assets</i>			
Intangible assets		178	200
Tangible assets	8	3 939	1 828
Financial assets	10	1 232	1 232
Non-current assets in total		5 349	3 261
<i>Current assets</i>			
Lending to the public	11,12	752 702	378 910
Other receivables		4 761	14 270
Prepaid expenses and accrued income	13	983	4 721
Cash and equivalents		200 702	104 665
Current assets in total		959 148	502 566
TOTAL ASSETS		964 497	505 827
EQUITY AND LIABILITIES			
<i>Share capital</i>			
Share premium reserve		500	500
Övrigt tillskjutet kapital		57 326	57 326
Reserv		669	1 249
Retained earnings		155 773	69 697
Earnings for the period		112 901	97 688
Equity in total		327 168	226 460
<i>Non-current liabilities</i>			
Bonds	14	491 111	-
Liabilities to credit institutions	15	93 022	228 932
Other liabilities		-	5 000
Deferred tax liabilities		13 856	10 218
<i>Current liabilities</i>			
Payables		4 225	4 275
Current tax liabilities		16 567	15 003
Other current liabilities	16	5 022	3 183
Accrued expenses and deferred income	17	13 526	12 755
EQUITY AND LIABILITIES IN TOTAL		964 497	505 827

STATEMENT OF CHANGES IN EQUITY
Group

2017						
Amounts in SEK thousands	Share capital	Share premium	Reserves	Retained earnings	Earnings for the period	Total
Opening balance as at 1 Jan 2017	100	-	631	34 694	38 303	73 728
Earnings for the period	-	-	-	-	97 688	97 688
Transfer of previous year's profit	-	-	-	38 303	-38 303	0
Gross exchange differences	-	-	618	-	-	618
<i>Transactions with shareholders</i>						
Dividend	-	-	-	-3 300	-	-3 300
New issues	400	57 326	-	-	-	57 726
Closing balance as at 31 Dec 2017	500	57 326	1 249	69 697	97 688	226 460
2018						
Amounts in SEK thousands	Share capital	Share premium	Reserves	Retained earnings	Earnings for the period	Total
Opening balance as at 1 Jan 2018	500	57 326	1 249	69 697	97 688	226 460
Earnings for the period	-	-	-	-	112 901	112 901
Transfer of previous year's profit	-	-	-	97 688	-97 688	0
Gross exchange differences	-	-	-581	-1 612	-	-2 192
<i>Transactions with shareholders</i>						
Dividend	-	-	-	-10 000	-	-10 000
Closing balance as at 31 Dec 2018	500	57 326	669	155 773	112 901	327 168

CASH FLOW STATEMENT
Group

Amounts in SEK thousands	Note	2018	2017
Operating activities			
Earnings before tax		137 766	119 469
<i>Adjustments for items not included in the cash flow</i>			
- Impairment allowance on loans		21 457	-
- Depreciation/amortization		739	1 303
- Other		1 455	409
		161 418	121 182
Tax		-23 301	-15 253
Cash flow from operating activities before changes in working capital		138 116	105 929
Cash flow from changes in working capital			
Increase (+)/Decrease(-) in operating receivables		-382 002	-251 762
Increase (+)/Decrease(-) in operating liabilities		2 560	11 374
Cash flow from operating activities		-379 442	-240 388
Investing activities			
Acquisition of intangible fixed assets		-18	-6
Acquisition of tangible fixed assets		-2 820	-1 213
Acquisition of financial assets		-	-28
Cash flow from investing activities		-2 838	-1 248
Financing activities			
New issue		-	57 337
Change in liabilities to credit institutions		-140 910	117 008
Issued bonds		491 111	-
Paid dividend		-10 000	-3 300
Cash flow from financing activities		340 201	171 045
Cash flow for the period		96 037	35 338
Cash and cash equivalents at the beginning of the period		104 665	69 327
Cash and cash equivalents at the end of the period		200 702	104 665

RESULTATRÄKNING

Parent company

Amounts in SEK thousands	Note	2018	2017
Revenue		-	-
Total operating income		-	-
Other external expenses		-1 250	-2 669
Earnings before interest and tax (EBIT)		-1 250	-2 669
Income from participations in Group companies	6		5 000
<i>Other financial income and expenses</i>			
Financial income		14 958	218
Financial expenses		-12 989	-1
Earnings before tax (EBT)		719	2 548
Income taxes		-	-
Earnings for the period		719	2 548

BALANCE SHEET

Parent company

Amounts in SEK thousands	Note	31 dec 2018	31 dec 2017
ASSETS			
<i>Non-current assets</i>			
Participations in Group companies	9	1 382	1 382
Non-current assets in total		1 382	1 382
<i>Current assets</i>			
Receivables from Group companies		500 000	57 188
Prepaid expenses and accrued income		45 631	3 535
Current assets in total		545 631	60 723
TOTAL ASSETS		547 014	62 105
EQUITY AND LIABILITIES			
Share capital			
<i>Restricted equity</i>			
Share capital		500	500
		500	500
<i>Non-restricted equity</i>			
Share premium reserve		57 326	57 326
Retained earnings		-5 754	6 698
Earnings for the period		719	-2 452
		52 291	61 572
Equity in total		52 791	62 072
<i>Non-current liabilities</i>			
Bonds	14	491 111	-
<i>Current liabilities</i>			
Current tax liabilities		-	31
Accrued expenses and deferred income	17	3 111	2
EQUITY AND LIABILITIES IN TOTAL		547 014	62 105

STATEMENT OF CHANGES IN EQUITY

Parent company

2017

Amounts in SEK thousands	Share capital	Share premium	Retained earnings	Earnings for the period	Total
Opening balance as at 1 Jan 2017	100	-	279	5 108	5 487
Earnings for the period	-	-	-	-2 452	-2 452
Transfer of previous year's profit	-	-	5 108	-5 108	0
Bonus issue	389	-	-389	-	0
<i>Transactions with shareholders</i>					
Dividend	-	-	1 700	-	1 700
New issues	11	57 326	-	-	57 337
Closing balance as at 31 Dec 2017	500	57 326	6 698	-2 452	62 072

2018

Amounts in SEK thousands	Share capital	Share premium	Retained earnings	Earnings for the period	Total
Opening balance as at 1 Jan 2018	500	57 326	6 698	-2 452	62 072
Earnings for the period	-	-	-	719	719
Transfer of previous year's profit	-	-	-2 452	2 452	0
<i>Transactions with shareholders</i>					
Dividend	-	-	-10 000	-	-10 000
Closing balance as at 31 Dec 2018	500	57 326	-5 754	719	52 791

CASH FLOW STATEMENT

Parent company

Amounts in SEK thousands	Note	2018	2017
Operating activities			
Earnings before tax		719	2 548
<i>Adjustments for items not included in the cash flow</i>			
- Other		-	-
		719	2 548
Tax		-31	-31
Cash flow from operating activities before changes in working capital		689	2 517
Cash flow from changes in working capital			
Increase (+)/Decrease(-) in operating receivables		-442 812	-57 188
Increase (+)/Decrease(-) in operating liabilities		3 109	2
Cash flow from operating activities		-439 703	-57 186
Investing activities			
Acquisition of financial assets		-	-28
Cash flow from investing activities		-	-28
Financing activities			
New issue		-	57 337
Change in liabilities to credit institutions		-	-
Issued bonds		491 111	-
Paid dividend		-10 000	-3 300
Cash flow from financing activities		481 111	54 037
Cash flow for the period		42 097	-660
Cash and cash equivalents at the beginning of the period		3 535	4 195
Cash and cash equivalents at the end of the period		45 631	3 535

Notes

Note 1 - Accounting and valuation principles

All amounts are in SEK thousands unless stated otherwise.

General accounting principles

As this was the first time the Group prepared consolidated financial accounts, and as the Group started publishing quarterly market reports during the year in connection with the issue of a corporate bond, the format of the income statement and balance sheet in this annual report has changed since the previous annual reports. The new form of presentation aims to give the reader a better understanding of the Group based on the nature of the business while making the interim and annual reports more uniform. This new form of presentation has not had any impact on the outcome in the result or financial position.

This annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual and consolidated accounts (K3). The accounting principles are otherwise unchanged compared with the previous year.

Income taxes

Current taxes are valued based on the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are measured using tax rates and tax laws that have been enacted before the balance sheet date. Deferred tax assets relating to tax loss carryforward or other future tax deductions are recognized to the extent that it is probable that the deduction can be offset against future taxable profits.

Receivables and debts are reported net only when there is a legal right to set-off.

Current tax, as well as changes in deferred tax, is reported in the income statement unless the tax is attributable to an event or transaction that is recognized directly in equity. Tax effects of items recognized directly in equity are reported against equity. Due to the connection between accounting and taxation, the deferred tax liability that is attributable to untaxed reserves is not reported separately.

Financial instruments

Financial instruments recognized in the balance sheet include securities, current investments and shares in subsidiaries. Instruments are reported in the balance sheet when Northmill Group AB (publ) becomes a part of the instrument's contractual terms.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with the ownership. Financial liabilities are derecognized from the balance sheet when the obligations have been settled or otherwise terminated.

Kortfristiga placeringar

Securities that are acquired with the intention of being held short-term are initially reported at acquisition value and in subsequent valuations in accordance with the lower of cost or market value. The item current investments includes shares held to invest liquidity surplus in the short term.

Lending to the public

During the year, the Group moved towards financing an increasing part of its lending using its own balance sheet. Consequently, this has led to an increased credit risk in the balance sheet attributable to the exposure that exists as part of this lending. In view of this, provisions for expected credit losses in the credit portfolio have been initiated. The size of the provision is based on historical loss data where the analysis is subject to continuous evaluation. The size of the provision for expected credit losses is reported separately in Note 12.

Loan receivables are reported as current assets, with the exception of items with a maturity of more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are recognized at the amount expected to be paid after deduction for individually assessed bad debt. Receivables that are interest-free or subject to an interest rate that deviates from the market interest rate and have a maturity exceeding 12 months are reported at a discounted present value, and the time value changes is reported as interest income in the income statement.

Other non-current securities holdings

The item mainly consists of shares and a minor holding of interest-bearing assets. The holdings are held long term. Assets included in the item are initially recognized at acquisition cost. In subsequent reporting, the shares are reported at acquisition cost but tested for impairment. Interest-bearing assets are reported in subsequent accounting at accrued cost using the effective interest method, reduced by any provision for impairment losses.

Offsetting financial receivables and financial debt

A financial asset and a financial liability are offset and reported with a net amount in the balance sheet only when there is a legal right to offset the amounts and there is an intention to settle with a net amount or realize the asset and settle the liability simultaneously.

Impairment testing of financial fixed assets

On each balance sheet date, an assessment is made as to whether there is any indication of impairment in any of the financial fixed assets. An impairment loss is recognized if the decline in value is considered to be permanent. Impairment losses are reported in the income statement item impairment of financial fixed assets and current investments. Shares and participations and other individual financial fixed assets that are significant are tested individually for impairment. If shares are impaired, the size of the impairment loss is determined as the difference between the carrying value and the highest of fair value less the cost of sales and the present value of future cash flows (which is based on the best estimate of the Executive Management).

Shares and participations in subsidiaries

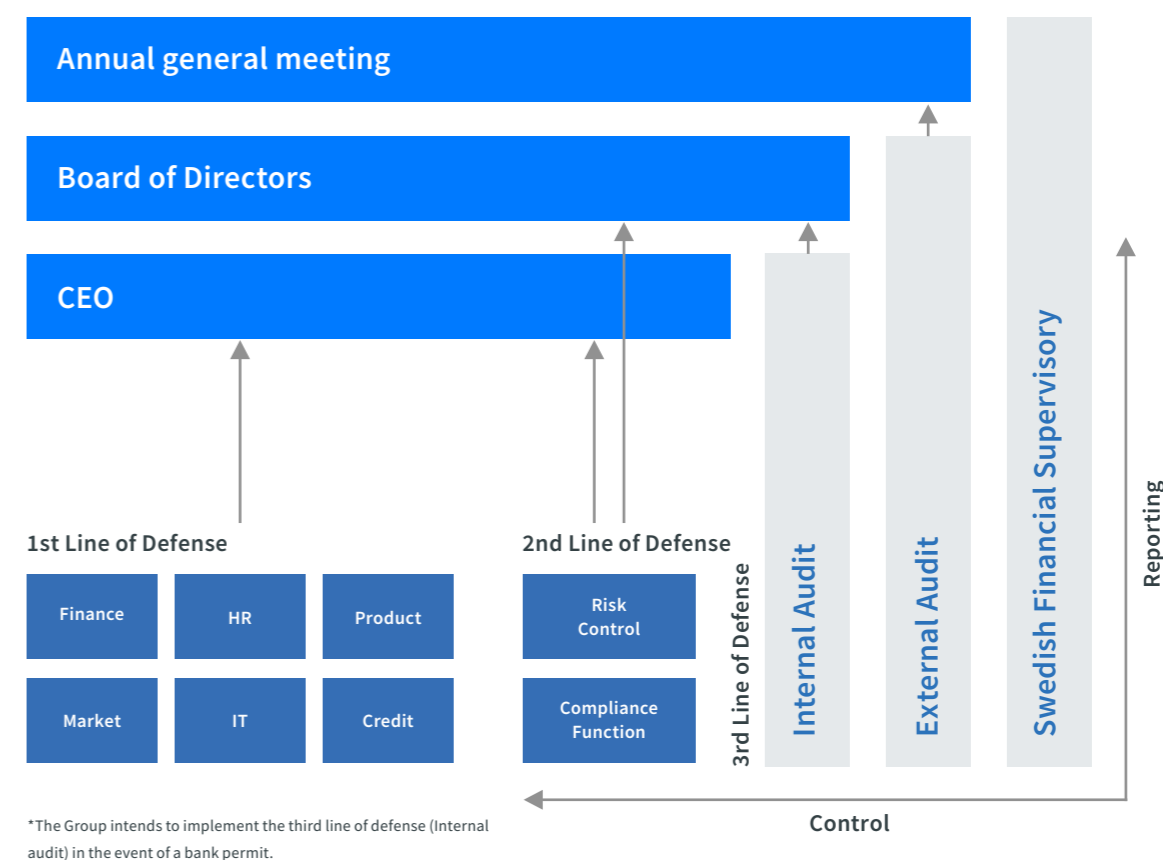
Shares and participations in subsidiaries are reported at acquisition value after deduction of potential impairment losses. The acquisition value includes the purchase price paid for the shares and acquisition costs. Any capital contribution and group contributions are added to the acquisition value when they arise. Dividends from subsidiaries are reported as income.

Not 2 – Risk management

Internal governance and control

Procedures and division of responsibilities regarding internal governance and control are adopted by the Board of Directors and, when applicable, the CEO. The Board of Directors has established procedures for internal governance and control in accordance with adopted policies.

Responsibility for compliance and risk control is based on the principle of three lines of defense. The model distinguishes between functions that are involved in the daily management of risk and compliance (first line of defense), functions for independent risk control and compliance (second line of defense) and the function of internal audit (third line of defense). This means that each employee is responsible for managing the risks and ensuring risk and regulatory compliance within their own area of responsibility. As of today, the Group has implemented the first and second line of defense in the business.



Compliance

The compliance function is responsible for monitoring compliance risks in the part of the operations that are subject to a license. To ensure an independent position, the function reports directly to the CEO and the Board of Directors. The compliance function shall continuously report on any risks that may arise in the operations that are subject to mandatory authorization due to inadequate compliance. Reporting to the Board of Directors takes place according to what is decided annually in the Board of Directors' annual plan.

The Group has chosen to outsource the compliance function to an external party through a service contract.

Risk control

The risk control function is responsible for ensuring that the operations are conducted in accordance with legislation, authorities' regulations and general advice and internal rules. To ensure an independent position, the function reports directly to the CEO and the Board of Directors. The risk control function checks and evaluates that the business has appropriate risk management and that risks are reported. The risk control function shall develop methods for developing analyses and a way to measure operational and financial risks, and for continuously monitoring and checking that each risk is kept within permitted limits.

The Group has chosen to outsource the risk control function to an external party through a service contract. *

Compliance function

The Group currently provides consumer credit and consumer credit intermediation. These are actively regulated activities that are supervised by the Swedish Financial Supervisory Authority. The Group has carried out active change management work with the aim of achieving increased maturity regarding regulatory compliance and a risk culture that corresponds to the expectations of a rapidly growing finance company with high ambitions. Since the third quarter of 2018, the Group has a compliance function. The level of ambition is high regarding compliance issues. However, the level of ambition must be proportionate to the size of the Group and the scope of the operations, which are conducted within a relatively small organization.

Compliance risks

Compliance risk refers to the risk that the Group, i.e. its employees and contractors, does not follow external rules such as legislation, regulations, EU regulations, governance documents and best practices or standards regarding the part of the business that is subject to a license. Compliance risks also include the risk that the Group is in breach of internal rules such as policies, instructions or other governance documents. This can lead to sanctions, financial loss or reputational risk. Through the establishment of the compliance function during the year, the Group has taken major steps forward in the work on identifying, monitoring and preventing risks that may arise in the business.

Risk control function

Since the third quarter of 2018, the Group has a risk control function. The risk control function applies a risk-based approach, which means that the areas where the greatest risk of significant deviations or deficiencies is found are always prioritized.

The Board of Directors and the CEO are ultimately responsible for risk management in the Group.

Financial and other risks

Through its lending to the public, the Group is exposed to various financial and other risks. The Group strives for governance and follow-up systems where business planning, risk management, capital management, liquidity and financing planning and results are clearly interconnected over time, but at the same time adapted to the Group's size and operations. The Group is working on the financial consequences of business decisions based on three main aspects: (1) growth and risk, (2) the operations' requirements on capital, financing and liquidity, and (3) profitability.

The Group's ability to manage risks and conduct efficient capital management is crucial for profitability. To balance risk-taking and limit and control risks, the Group's Board of Directors has adopted written policies and governance documents for the business. Both compliance with governance documents and the level of the Group's credit risk are measured and reported on a regular basis to the Group's Executive Management and the Board of Directors. These are being updated when needed and revised at least once a year.

Credit risk

Credit risk, including counterparty risk, refers to the risk that the Group may lose money as a result of a counterparty being unable to fulfill its obligations. Since a large part of the risk arises in the credit management process, we have chosen to include also that in the credit risk.

Credit risk in the Group arises primarily through lending to the public in defined geographic markets. The Group provides loans without underlying collateral, so-called annuity loans. The credit granting process is to a high degree automated and rejections in the system cannot be approved manually. The Group currently has lending operations in Sweden and Finland.

The Group has a high growth ambition in increasing the number of credits and possibly also increasing the credit amounts. It is essential that credit growth is controlled and based on agreed limits. The concentration risk is deemed to be low due to low exposures per individual.

The Group's credit risks are regularly reported to the Executive Management and the Board of Directors. We are currently living in a time when interest rates are at an all-time low. There is a risk that external conditions will change with increased interest rates and higher credit losses. It is therefore of the utmost importance that risk monitoring and reporting from the first line of defense work satisfactorily.

Market risk

Market risk refers to the risk that the Group may lose money as a result of movements in the equity market, the fixed-income market or the foreign exchange market, etc.

The Group's exposure to market risk consists of currency and interest rate risk. Currency risks arise from lending in various currencies, investments of surplus liquidity and intra-group loans to subsidiaries or branches in different currencies. Interest rate risk arises when assets and liabilities have different fixed interest periods and are managed through limitation or elimination. At present, there is no currency risk in the business, as lending is financed through partners in each country, Sweden and Finland.

Liquidity risk

Liquidity risk refers to the risk that the Group may lose money because it cannot meet payment obligations in time without considerably increasing the cost of raising liquidity.

The Group currently has several primary sources of funding: equity, bond financing and credit facilities with several credit institutions. The Group continuously follows up to ensure that the agreed credit facilities have sufficient scope and are not utilized by the Group in a way that violates the agreed terms and conditions of the loan.

Business risk

Business risk refers to the risk that the Group may lose money due to reduced volumes or lower margins, for example due to increased competition or a weaker customer offering.

Strategic risk is a part of the business risk and includes, for example, the inability to adapt the business to changing market condition or unfavorable strategic investments or a concentration to a few customers or business areas. Business risk also includes reputational risk, which entails losses due to customers', suppliers' and authorities' negative perception of the Group.

The Group works actively to inform its customers and other stakeholders about the business in order to reduce the risk of incorrect rumors spreading on the market. In recent years, the Group has worked intensely to strengthen the Group's brand. All communications, both internal and external, must maintain high quality and are characterized by accessibility, clarity and objectivity. Furthermore, it is of the utmost importance that the communications is delivered at the right time, to the right recipient, via the right channel, and is designed in a professional and appealing manner. Correct and adequate information about the Group is communicated via the following channels: the website northmill.com, the annual report, active contact with newspapers and other media and, with regard to employees, via the intranet.

Operational risk

Operational risk refers to the risk that the Group may lose money as a result of inappropriate or unsuccessful processes, human or mechanical errors, faulty systems or external events. Legal risk and

compliance risk are also included in operational risk.

The Group has a low appetite for operational risk and strives to limit this risk to the extent possible. The Group's operations depend on its ability to process transactions efficiently and accurately in order to attract new customers. The Group's ability to maintain and develop an efficient IT platform, as required to maintain financial and operational control, monitor and manage risks, provide high quality customer service and develop and sell profitable products and services in the future, depends on a variety of factors. Losses can occur as a result of inadequate or failed internal control processes and protection systems, human error, fraud or external events that interfere with the business. This can result in a loss of data and a failure to provide high-quality services to customers.

Internal control of the financial reporting

Internal control of the financial reporting is part of the Group's overall internal control. It aims to provide realistic assurances as to the reliability of the external financial reporting and that the financial reporting has been prepared in accordance with the law and applicable accounting standards. The Board of Directors' responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and in the Swedish Corporate Governance Code. The Annual Accounts Act requires that the Group describes the systems for internal control and risk management regarding the financial reporting annually. The Board of Directors has overall responsibility for the financial reporting. The quality of the external financial reporting is ensured through a variety of separate measures and procedures.

The CEO is responsible for ensuring that all external financial information is correct and of good quality. The Group's auditors are tasked with examining accounting issues that are critical for financial reporting and with reporting their observations on the Group's finance function.

Note 3 - Remuneration and expense reimbursement to the auditors

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
<i>Öhrlings PricewaterhouseCoopers AB*</i>				
Audit assignment	470	-	175	-
Tax advice	-	-	19	-
Other services	56	-	-	-
	526	-	194	-

* The audit assignment refers to fees for the statutory audit, i.e. such work that has been necessary to submit the audit report, and so-called audit advice provided in connection with the audit assignment.

Note 4 - Lease agreements

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
<i>Future total minimum lease payments for non-cancellable operating leases are as follows:</i>				
Leasing expenses				
Within 1 year	24	-	24	-
Between 1 and 5 years	45	-	69	-
	69	-	94	-
Rent and premises expenses				
Within 1 year	2 243	-	2 243	-
Between 1 and 5 years	1 308	-	3 551	-
	3 551	-	5 794	-
Leasing fees charged to the financial year	125	-	25	-
Rental expenses charged to the financial year	2 207	-	1 964	-
	2 332	-	1 989	-

Note 5 Employees and personnel expenses

Average number of employees, distributed by country	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Sweden	46	-	35	-
Finland	18	-	16	-
Poland	9	-	8	-
Total	73	-	59	-

Salaries and remuneration

Board of Directors and CEO				
Salaries and remuneration	1 151	-	910	-
Social security contributions	362	-	286	-
(Of which pension expenses):	99	-	13	-
	1 612	-	1 209	-
Other employees				
Salaries and remuneration	23 335	-	16 419	-
Social security contributions	6 631	-	4 474	-
(Of which pension expenses):	471	-	196	-
	30 437	-	21 089	-

Note 6 - Income from participations in Group companies

The Group makes estimates and assessments about the future. The estimates for accounting purposes that are based on them will, by definition, rarely correspond to the actual result. Any estimates and assumptions that entail a material risk of significant adjustments to the carrying amounts of assets and liabilities next year are dealt with on a general level below.

The Group frequently evaluates its holdings in unlisted companies to ensure that the valuation of these holdings is justifiable and, in connection with this, the Group tests the unlisted holdings for impairment. Determining whether there is a need to recognize an impairment loss is a significant and difficult assessment issue. The Group's assessment is that the holding of unlisted shares is likely to result in economic benefits in the future, and no impairment loss has been recognized for these holdings being made.

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Dividend	-	-	-	5 000
Sum	-	-	-	5 000

Note 7 - Tax on earnings for the period

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Tax accounted for in Sweden	15 023	-	14 393	-
Tax accounted for in Finland	9 842	-	7 389	-
Tax on profit for the year	24 865	-	21 781	-
Reconciliation of tax on profit for the year				
Profit before tax	137 766	719	119 469	2 548
Tax according to applicable tax rate 22 %	30 308	158	26 283	561
Tax effect of non-deductible expenses	671	0	113	1
Tax effect of non-taxable income	-1	-	-	-1 100
Tax effect of standard income deferral	142	-	15	-
Effect of unrecognized loss carryforwards	-	-158	-	538
Foreign tax	-930	-	-709	-
Effect of temporary differences (tax allocation reserve)	-4 532	-	-4 326	-
Othes taxes	-794	-	404	-
	24 865	0	21 781	0
Accounted effective tax	18 %	-	18 %	-
Tax loss carryforward	-	-1 732	-	-2 451

Note 8 - Tangible assets

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
<i>Accumulated acquisition value</i>				
-Start of the year	2 262	-	1 396	-
-New acquisitions	2 481	-	866	-
	4 743	-	2 262	-
<i>Accumulated depreciations</i>				
-Start of the year	-434	-	-307	-
-Reversed depreciation of divestments & discarded items	27	-	125	-
-Depreciations of the year	-398	-	-251	-
	-805	-	-434	-
Book value at end of year	3 939	-	1 828	-

Note 9 - Participations in Group companies

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
<i>Accumulated acquisition value</i>				
-Start of the year	-	150	-	150
-Purchases	-	-	-	-
Book value at end of year	-	150	-	150

The ownership share of the capital is meant, which also corresponds to the share of the votes for the total number of shares.

	Number of shares	Share of capital in %	Share of votes in %	Book value
<i>Subsidiary / Org.nr / Company headquarters</i>				
Northmill AB, 556709-4866, Stockholm	100 000	100	100	100
Privatspar Fin Tech AB, 556919-1793, Stockholm	50 000	100	100	50
				150

Note 10 - Financial assets

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
<i>Accumulated acquisition value</i>				
-Start of the year	1 232	1 232	1 204	1 204
-Additional assets	-	-	180	180
-Divested assets	-	-	-152	-152
	1 232	1 232	1 232	1 232

Accumulated depreciations

-Depreciations of the year	-	-	-	-
Book value at year end	1 232	1 232	1 232	1 232

Note 11 - Lending to the public

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Lending to the public	766 100	-	360 819	-
Provision for expected loan losses	-21 457	-	-	-
Other receivables	8 059	-	18 091	-
Sum	752 702	-	378 910	-

Note 12 – Credit quality

Age analysis	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Not past due	657 190	-	301 016	-
< 30 days	57 438	-	26 601	-
31-60 days	30 074	-	18 401	-
61-90 days	20 971	-	9 100	-
> 90 days	427	-	5 700	-
Sum	766 100	-	360 819	-
*Provisions				
Provision for expected loan losses	-21 457	-	-	-
As of 31 December	-21 457	-	-	-

*The Group recognized its first impairment loss for expected credit losses in the loan portfolio on September 30, 2018, which resulted in a non-recurring effect of SEK 14.5 million for the third quarter of 2018. In the fourth quarter, another SEK 6.9 million was allocated to the credit loss provision. Accordingly, the credit loss provision was SEK 21.5 million at year-end. This is due to a change in the Group's business model, where a larger part of the lending to the public is financed from the own balance sheet.

Note 13 – Prepaid expenses and accrued income

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Prepaid expenses	983	-	813	-
Accrued income	-	-	3 908	-
Sum	983	-	4 721	-

Note 14 – Bonds

	Group 2018	Moderbolaget 2018	Group 2017	Moderbolaget 2017
Issued bond (ISIN SE0011614973)	491 111	491 111	-	-
Sum	491 111	491 111	-	-

The Group issued unsecured bonds that mature on 3 September 2021. The interest rate is floating STIBOR 3 months (with floor 0:00 percent) plus 8 percent. Interest payments are due quarterly.

Note 15 – Liabilities to credit institutions and other liabilities

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Liabilities to credit institutions	93 022	-	228 932	-
Other liabilities	-	-	5 000	-
Sum	93 022	-	233 932	-

Note 16 – Other current liabilities

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Current liabilities to customers	2 787	-	1 462	-
Other current liabilities	2 235	-	1 721	-
Sum	5 022	-	3 183	-

Note 17 – Accrued expenses and deferred income

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Other accrued expenses	6 853	3 111	7 676	2
Accrued personnel expenses	4 151	-	3 803	-
IT-expenses	650	-	621	-
Marketing expenses	1 797	-	536	-
Deferred income	75	-	119	-
Sum	13 526	3 111	12 755	2

Note 18 – Pledged assets and contingent liabilities

	Group 2018	Parent company 2018	Group 2017	Parent company 2017
Assets held through financial leasing	Inga	Inga	Inga	Inga
Blocked funds	-	-	20 000	-
Floating charge	90 000	-	45 000	-
Sum	90 000	-	65 000	-

Note 19 – Essential assessment items when establishing the financial reports

During the year, the Group has gone towards financing an increasing part of its lending from its own balance sheet. Consequently, this has led to increased credit risk in the balance sheet attributable to the exposure that arises when lending to the public. In view of this, provisions for expected credit losses in the credit portfolio have been initiated. It is essential to shed light on the fact that the assessment of the size of the credit loss provision is based on the Executive Management's assumptions about future outcomes and that these may deviate from future outcomes. Assumptions about the size of the provision are based on historical loss data where the analysis is subject to continuous evaluation. The size of the credit loss provision is reported separately in Note 12.

Note 20 – Significant events after the end of the financial year

In early April 2019, a new brand was launched under the name Rebillia. The first product is Rebillia Reduce, which is a service that will help consumers reduce their interest rates on existing loans from other lenders.

Signatures

Resultat- och balansräkningen kommer att föreläggas på årsstämma för fastställelse.

Stockholm den ____ - ____ -2019

Margareta Lindahl,
Chairwoman

Per Granath,
Boardmember

George Kurt,
Boardmember

Erik Fagerland,
Boardmember

Björn Hazelius,
Boardmember

Vår revisionsberättelse har lämnats den ____ - ____ -2019

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson, Auktoriserad revisor
Huvudansvarig

Peter Krassas, Auktoriserad revisor

Auditor's report

To the general meeting of the shareholders of Northmill Group AB (publ), corporate identity number 556786-5257

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Northmill Group AB (publ) for the year 2018. In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-15. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as

they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Northmill Group AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 2019-

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant
Partner in charge

Peter Krassas
Authorized Public Accountant

WE
ARE
GOING TO
MAKE
A CHANGE



We simplify people's financial life



Technology is a part of our DNA, and Northmill was founded on the simple vision to create products that help people simplify and optimize their financial life. We want everyone to save both time and money in every part of their everyday life. And this is just the beginning of our journey.