TESSIN

2020

Annual Report 2020
Tessin Nordic AB (publ)
556965-9187

2020

Contents

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ABOUT TESSIN

Tessin Nordic AB (publ) is the largest Nordic investment platform for alternative financing solutions for property developers.

TESSIN WAS FOUNDED in 2014 and is now a leading Nordic fintech and the largest digital investment platform in the property financing segment in terms of brokered capital. At year-end 2020, Tessin had almost 55,000 registered users on the platform. The business is based on a proprietary digital platform that links property developers seeking loan financing with users seeking exposure to a high-return asset class with balanced risk and backed by collateral, primarily property mortgages.

Tessin currently operates in Sweden and Finland. Since incorporation and through 31 December 2020, the company has brokered a total of SEK 2,621 billion in financing across 249 real estate loans. This has helped make the building of around 5,000 residential units and numerous commercial spaces and public buildings a reality. Since the beginning, SEK 1,627 billion has been repaid to lenders, who have earned average annual returns of 8.0–8.5 percent

Capital raised		2,621 SEKm			
Repaid		1,627 SEKm			
Real estate loans		249	Average size		10.5 SEKm
Users		54,865	employees		30
Net sales	2020	SEK 37.3 m	EBITDA	2020	SEK -8 m
	2019	SEK 30.5 m		2019	SEK -15.4 m

Significant events **2020**

Q1

A key milestone was reached in mid-February when Tessin had brokered more than 2 billion in loans while repaying more than 1 billion to lenders.

A record number of brokerage agreements on loan financing were signed with property developers and property owners in Q1. The volumes of these agreements totalled SEK 309 million, compared to the corresponding period last year, when the total value of brokerage agreements was SEK 122 million.

Tessin closed the acquisition of leading Finnish lending platform Groundfunding OY.

Q2

Early in Q2, the company decided to utilise the tools made available by the Swedish government, including short-term furloughs of all employees, to mitigate the business impact of the Covid pandemic. A number of people not assessed as necessary to the ability to maintain delivery capacity, sales and quality in the short term left the company.

Q3

Tessin Capital, a wholly owned subsidiary of Tessin Nordic, exceeded SEK 250 million in cumulative invested capital during the quarter, distributed across more than 80 loans.

The short-term employee furloughs decided by the company earlier in the year ended on 31 July 2020 for all employees.

Q4

With an upturn of 6.05 percent, Fastighetsräntefonden, a fund that invests exclusively in Tessin loans, outperformed all other Swedish-registered fixed income funds in 2020 according to a comparison in the Morningstar database.

At the end of the period, Tessin had brokered more than SEK 2.6 billion to a total of 249 loans and had repaid around SEK 1.6 billion to lenders.

BROKERAGE OF SEK
2.6
billion
→
TO A TOTAL OF
249
real estate loans
→
REPAID TO LENDERS SEK
1.6
billion

Tessin closed the acquisition of leading Finnish lending platform **Groundfunding OY**.

A record number of brokerage agreements were closed in Q1

Tessin Capital exceeded SEK 250 million in cumulative invested capital

Fastighetsräntefonden outperformed all other Swedish-registered fixed income funds

BIGGEST IN THE
Nordics

THIRD BIGGEST IN
Europe

Significant events after the end of the year

- Heidi Wik was appointed the new President and CEO of Tessin in January. Ms Wik will begin in the role in June 2021. Tessin's current CEO will transition to the new role of Head of Business Development with focus on institutional investor relations.
- *Affärsvärlden*, Sweden's leading business magazine, has initiated coverage of Tessin and is creating a coverage area that includes investment by *Affärsvärlden* in a Tessin portfolio with equity.
- Tessin announced that the company intends to execute a listing on Nasdaq First North through a reverse takeover via Effnetplattformen AB, which is already listed on Nasdaq First North. Effnetplattformen has a strong history of this type of listing through successful reverse takeovers of companies including SBB – Samhällsbyggnadsbolaget.
- Tessin will expand the shareholder base prior to the listing on Nasdaq First North. Tessin's largest shareholder, Stronghold Invest, will sell part of its holding to NFT Ventures AB (increasing its current holding), Illja Batljan Invest AB and Cantaloupe AB (the founders of Sinch).
- Tessin executed a fully subscribed share issue in April that raised capital of SEK 38.5 million for the company.

CEO'S MESSAGE

2020 – a record year despite the pandemic

Erik Nordin, Niels Bosma and I founded Tessin in 2014. Our objective was the create a digital financing platform where property developers seeking capital and investors seeking direct investments in real estate projects can come together.

My personal interest was actually the driving force behind the building of Tessin: like many other private investors, I felt shut out of this part of the investment market. Until 2014, the property investment market was the exclusive province of major investors with fat bank accounts and access to closed institutional networks.

The capital provided by Tessin members is critical to project completion and property developers are consequently willing to pay relatively high interest on the investment. This is why the annual return on Tessin projects is found in the relatively high range of 8-10 percent.

To date, Tessin members have financed residential properties, industrial halls, playgrounds, public buildings and even a trampoline park. Our form of financing is not only suitable for small and medium-sized property developers. It has proven a good alternative for larger, established companies seeking to accelerate the pace of building.

Since the outset, Tessin has brokered almost SEK 3 billion in loans to more than 270 projects. In other words, this is no scrappy little start-up - we have grown to become the largest provider in the Nordics and are ranked in the top five in Europe. During that same period, we have repaid around SEK 1.8 billion at an average return above 8 percent.

Despite the pandemic, 2020 was a record year for Tessin. Revenue grew by 22 percent to SEK 37.3 million (30.5) while results for the year improved to a loss of SEK -13.7 million (-17.6) after tax.

We have been working towards listing Tessin on Nasdaq First North Growth Market since 2019. After coming to an agreement with Effnetplattformen AB on a reverse takeover, we will soon be taking the final step towards listing.

What makes Tessin relevant and gives us what it takes to grow and develop even in challenging times like these?

Firstly, the Tessin offering that provides financing solutions to numerous projects that might otherwise never have come to fruition. Several trends are also playing into Tessin's hands and driving our development:

- Record-fast population growth and new lifestyles in Sweden are creating huge demand for new homes all over the country, not only in urban areas.
- The current housing policy combined with the difficulty of arranging financing means it could take decades to "build away" the housing shortage.
- Small local and regional market players have numerous potential projects that are too small and thus of no interest to the largest construction and property companies. As a result, these projects often fizzle out.
- There is a growing and detrimental bottleneck in Sweden in relation to bridge loans for real estate projects that is holding back the sector, especially in housing construction.
- The Basel III directive was implemented in 2013. Combined with stricter banking regulations, Basel III created a market in which it quickly became much less attractive for banks to lend to building projects.
- Stricter mortgage rules make it harder for households to buy a new home before they have sold their old one, which affects how many commonhold apartments are built.

Photo: **Christian Gustavsson**

Tessin is also still delivering good return to Fastighetsräntefonden, which is managed by Alfakraft Fonder AB. It is gratifying to see proof of the strength of our loans and that Fastighetsräntefonden outperformed all Swedish-registered fixed income funds in all categories during the 2020 calendar year, with an upturn of 6.05 percent according to a comparison in the Morningstar database.

This spring, I will pass the baton in the CEO position. In January, we published the news that Tessin has chosen to further strengthen the organisation by appointing a new CEO. Over the past three years, Heidi Wik headed up the development of the banking business within FOREX, where she currently serves as Director of Banking. I will step into the new role of Head of Business Development with focus on institutional investor relations, primarily within the framework of Tessin Capital. Heidi Wik will take over as CEO on 1 June 2021.

Over the years since the company was founded, we have build the largest provider of alternative lending to real estate-related projects in the Nordics. From that position, it feels exhilarating to finally take the plunge and list Tessin on the stock market. A stronger Tessin is creating the conditions for favourable value growth for our current and future shareholders.

Kind regards,

Jonas Björkman
CEO and co-founder


Photo: **Christian Gustavsson**

STRATEGY

Tessin's growth strategy

TESSIN'S LONG-TERM STRATEGY is to continue growing over the next two to three years to become a leading provider of alternative financing solutions for real estate-related credits in Europe and to expand the product portfolio with credit and financing solutions for businesses and individuals. Growth will be organic and supplemented with acquisitions in selected segments.

The key to Tessin's progress thus far has been the proprietary digital financing platform, which will be a critical success factor for growth in the next few years because it creates the conditions for efficient integration of additional business.

The Tessin platform will play a critical role in Tessin's growth. The platform is an advanced system that coordinates all Tessin loan management in a single workflow, with all data collected in one place, from active identification of potential borrowers through the Tessin database of potential transactions to credit decisions, distribution, tracking and monitoring of loans.

In addition to all the functionality required to manage loans, borrowers and lenders, the platform also provides broad support for expansion with new projects and types of loans. This is creating huge opportunities to expand the business within multiple verticals in a resource-efficient way and requiring no investments in technology.

The strategy, which Tessin designed at the outset in 2014, is based on the goal of creating a digital platform that eliminates all intermediaries and digitally connects borrowers with investors in an efficient manner. The Tessin property financing process simplifies the loan process while minimising costs for all parties. This form of financing is not only suitable for small and medium-sized property companies and developers. It has also proven to be a good alternative for larger, established companies, which are given the opportunity to accelerate the pace of building and project completions based on flexible financing terms and loan maturities.

The company is now able to offer loan financing of up to SEK 100 million or larger volumes by augmenting the capacity of members to lend capital with additional sources of capital. Tessin has built up this capacity for larger projects in recent years by attracting institutional capital via Tessin Capital. Tessin is in prime position to compete in earnest with lending to considerably larger projects by the established banks.

An express goal and a key component of the Tessin strategy has been to list the Tessin share on a regulated or unregulated marketplace. The benefits here include direct access to the capital market and greater opportunities for acquisitions.

In the company's assessment, the Tessin platform for proactively identifying potential projects, and the prevailing low interest environment, are creating favourable conditions to continue growing and leveraging new technology and flexible financing to realise the vision of becoming a leading property lender in Europe.

Acquisition strategy

Tessin has an express strategy to grow through acquisitions and intends to actively participate in the consolidation of the market. Tessin's imminent listing is generating strength and improved opportunities to finance future acquisitions. The goals of acquired growth are to build a larger base for organic growth and accelerate the growth rate in order to create a larger company overall with a stronger market presence.

Tessin's long-term strategy is also to establish the company as a European fintech group by acquiring businesses in new geographies and new operating segments with links to real estate where there are clear strategic, financial and operational synergies. Synergy effects include access to new partners, new technology, new markets, new verticals, new customers, distribution networks and a wider base of capital sources.

HOW IT WORKS

Introducing the Tessin platform

EXPLORE

Investors must register as members on the Tessin platform to take advantage of the offering. New investment offerings in the form of loans to real estate development projects of varied nature are presented on the platform as they arise. A prospectus containing all necessary information about the project and the project owner is prepared for every project presented to Tessin members.

The prospectus is one result of Tessin's comprehensive and in-depth credit-checking process, which is often much more comprehensive than those of the traditional banks. The information presented in the prospectus includes details about the borrower, the purpose of the loan, loan terms and conditions, collateral, the loan term, return and risk.

INVEST

When members are logged in, they can sign up to invest in a loan by reserving the preferred amount in the investment offering. Within a few days, an investment memorandum and contract are distributed by email to all members who have applied. The investment is not binding until the member has signed the contract. The reservation and execution of the contract are on a first-come, first-served basis. Most loans are oversubscribed.

MONITOR

Tessin communicates regularly with individual lenders in each project and updates from the borrower are communicated to lenders via the platform. The borrower is responsible for compiling and releasing the information, which is then passed on by Tessin. Tessin also carries out site visits to selected projects as necessary.

RETURN

At the loan expiration date, the loan is repaid, including accrued interest. If there is any delay in repayment, penalty interest of an additional five percent is charged to the borrowers starting on the date final repayment was due.

Market overview

The fintech sector and the alternative financing market arose in connection with regulatory and structural changes in the global financial services market, combined with the increased digitalisation of society. The digital infrastructure that has emerged has radically simplified opportunities to develop and offer a wide spectrum of cross-border financial services. Having undergone strong growth for many years, the alternative financing market is highly fragmented.

Tessin intends to take an active role in the ongoing market consolidation with a view to achieving, over the medium-term horizon, the position as a leading European provider of alternative financing solutions for real-estate related credits and expanding the offering with complementary credits and financing solutions for businesses and consumers.

Housing shortage and construction backlog in Sweden

A housing shortage has been building up in Sweden since 2006 as a result of limited new production and conversion of existing buildings in relation to population growth and demand for housing. The future need for new housing is determined primarily by the trends in the number of households and changes in the existing housing stock. In addition, satisfactory function of the housing market requires a certain number of vacant housing units as a relocation reserve.[1]

The forecast for the Swedish market published by the Swedish National Board of Housing, Building and Planning ("Boverket") in December 2020 estimated 54,000 housing starts in 2020, including net conversions and 52,500 housing starts expected in 2021.[2] In another report, Boverket estimated the housing construction backlog for the period of 2020–2029, based on SCB's projected population growth figures, at between 592,000 and 664,000 residential units, corresponding to an annual construction backlog of 59-200–66,400 units.[3]

Alternative financing is booming

Digitalisation, the intertwining of online and offline and changed behaviours are the main driving forces enabling new solutions and new companies to enter the financial services sector.

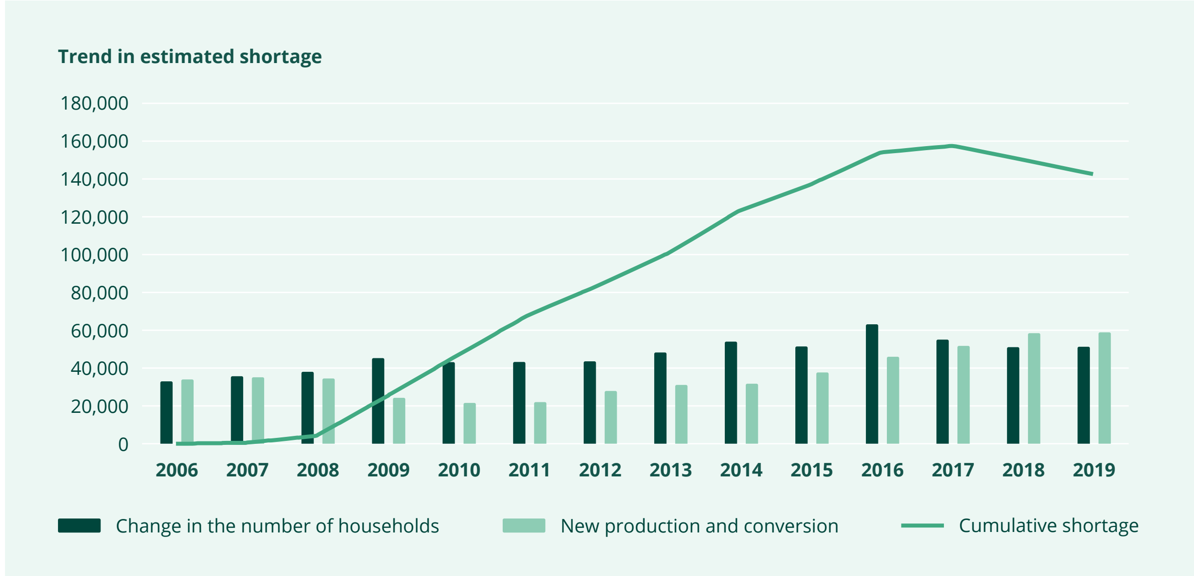
On a global level, the significance and role of alternative financing was worth USD 305 billion in volume in 2018, and is still growing. The volumes mainly comprise financing via alternative online-based platforms for financing and loans to businesses and consumers. The alternative finance market also continued to grow in Europe in 2018. Total volume in the region reached USD 18 billion in 2018 and the average growth rate between 2013 and 2018 was 69 percent.[4]

The global crowdfunding market for financing of property-related projects was worth around USD 13 billion in 2018 and is expected to grow to nearly USD 869 billion by 2027, corresponding to an annual average growth rate above 68 percent according to an analysis by Facts and Factors.[5]

The Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) demonstrated the fifth-largest alternative finance market volume in 2018. Volume in 2016 was USD 357 million. In 2017, volume had risen to USD 507 million and rose again by 62 percent to USD 824 million in 2018.[6]

As an individual country, volumes in Sweden rose to USD 268 million in 2018, compared to USD 222 million in 2017. Historically, the Swedish market has shown a constant increase since 2015.[7]

[1] Boverket, Behov av bostadsbyggande, 2020
[2] Boverkets indikatorer, Nummer 2, December 2020
[3] Boverket, Bostadsbyggnadsbehov 2020–2029, December 2020
[4] Cambridge Centre for Alternative Finance, The Global Alternative Finance Market Benchmarking Report, April 2020
[5] Facts and Factors, Real Estate Crowdfunding Market By Investors (Individual Investors and Institutional Investors) and By Property Type (Residential and Commercial): Global Industry Perspective, Comprehensive Analysis, and Forecast, 2018 – 2027, November 2019
[6] Cambridge Centre for Alternative Finance, The Global Alternative Finance Market Benchmarking Report, April 2020
[7] Cambridge Centre for Alternative Finance, The Global Alternative Finance Market Benchmarking Report, April 2020



Current market

The digital infrastructure that has emerged in the world in recent decades has radically simplified opportunities to develop financial services. The fintech market is a long way from static, where various sectors focus on separate things. The various firms in the market are constantly moving towards one another and will, it has been predicted, ultimately converge into a single sector. Financial institutions, for example, are becoming increasingly tech-focused, the global tech companies are developing new payment solutions via their digital and social platforms, and e-tailers are offering payment, financing and insurance solutions. In parallel, start-ups are developing products and services that were until recently only available through banks and financial advisers.[8] Based on their own platforms, fintechs can cost-effectively widen their offerings to additional geographies, various customer groups and additional verticals.

Internationalisation

From having previously involved mainly local transactions in single jurisdictions, the alternative financing business is becoming increasingly international. The trend indicates that fintechs are increasingly expanding their businesses geographically with regard to capital inflow and outflow. This is occurring partly due to companies opening local offices in new geographies and partly due to customers becoming increasingly international and seeking investment alternatives in new geographical markets. Sweden and most other EU countries are expected to adopt the proposed new European Crowdfunding Service Providers (ECSP) for Business regulation, which lays down a uniform set of rules for all crowdfunding platforms across the EU. Uniform regulations within the EU will open a larger market for crowdfunding investments.[9]

Fragmented market undergoing consolidation

The fintech market is highly fragmented, globally, in Europe and in Sweden. Many thousands of fintechs are operating in discrete verticals and towards various customer groups in different geographies in segments including payments, loans and other financing, blockchain, insurance and management of everything from capital and real estate to registers and regulations.

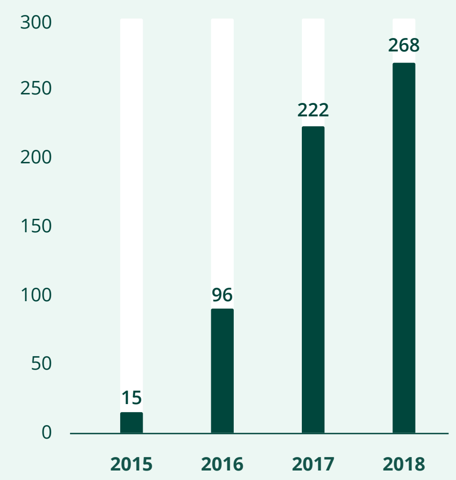
In Europe alone, there are currently almost 150 digital platforms that provide P2P lending, of which around one third offer financing for property-related projects. Ten or so of these platforms have loan volumes above SEK 1 billion annually, including a few within property-related projects.[10]

British Lendinvest started in 2008 and was one of the first in Europe to establish itself within P2P financing of

[8] PWC Sweden, Fintech, Digitaliseringen påverkar den finansiella sektorn som står inför stora teknologiska utmaningar med många nya möjligheter, 2021 [Digitalisation is impacting the financial sector, which is facing huge technological challenges and numerous new opportunities].


Photo: **Christian Gustavsson**

Alternative financing, market volume in Sweden 2015–2018 (USD millions)



Source: Cambridge Centre for Alternative Finance, The Global Alternative Finance Market Benchmarking Report, April 2020

property-related projects. They do business in the British market and are currently the largest market player in Europe, with total brokered volume of around GBP 3 billion since the company was founded.[11] After acquiring its competitor Zinsland in 2019, Exporo is the largest platform in the German market and the second-largest in Europe, with total financed volume of around EUR 700 million. Since 2019, they have expanded operations to Austria and the Netherlands.[12]. Among the other leading players in financing of property-related projects in Europe, we find Estonian EstateGuru with total financed volume of around EUR 300 million and the majority of projects in the Baltics and Finland. [13] Estonian EvoEstate is one of the larger platforms and differentiates itself by aggregating investment opportunities from most of the larger European property financing platforms through a single account.[14]

Counted in brokered volume, Tessin ranks as the largest in the Nordics and the fifth-largest in Europe, with total financed volume corresponding to almost EUR 300 million.[15] In addition to Tessin, there are a couple of Nordic providers in the segment for financing of property-related projects that represent combined financed volume corresponding to around EUR 100 million. Tessin acquired Groundfunding, one of the largest Finnish platforms, in 2020.

The ongoing geographical and vertical consolidation of the fintech market is expected to grow in scope, driven by increasing competition, scalability, wider offerings and the potential to expand to new markets.[18]

Impact of the Covid pandemic

Fintechs are continuing to grow globally n spite of the spread of the Covid pandemic. On average, fintechs reported transaction volume growth of 13 percent in Q1 2020 and 11 percent in Q2 2020.[17]

The pandemic is a general challenge for the industry in Europe, primarily for young companies with limited liquidity. Meanwhile, the market situation is creating opportunities through increased digitalisation, such as a giant step away from cash and greater demand for digital tools, products and services. Well-capitalised fintechs able to respond quickly to the changing customer behaviours could see strong growth.[18]

The fintech industry in Sweden demonstrated persistent strength in H1 2020, despite a sharp initial drop in deals activity due to the pandemic. While banking and payment solutions remain the most active fintech space in Sweden and the Nordic region, other subsectors are gaining more attention.[19]

Tessin's positioning

The company believes market consolidation will continue over the next few years. The growth strategy is based on participating actively in the ongoing consolidation, both geographically and vertically, by successively acquiring entities in the operational sector with a link to loan financing and that complement the company's business.

Tessin is aiming to become a leading European provider of alternative financing solutions for real-estate related credits and expanding the offering with complementary credits and financing solutions for businesses and consumers by means of a combination of organic growth and complementary acquisitions.

[9] Cambridge Centre for Alternative Finance, The Global Alternative Finance Market Benchmarking Report, April 2020
[10] P2P Market Data, P2P Lending Platforms of Europe, 2021
[11] Lendinvest, year not stated.
[12] Exporo, 2021.
[13] EstateGuru, 2021.
[14] EvoEstate, 2020.
[15] Tessin's estimate based on internal sector analysis of market providers known to the company.
[16] Deloitte, 2020 Banking and Capital markets Outlook, Fortifying the core for the next wave of disruption, 2020
[17] Cambridge Centre for Alternative Finance, The Global Covid-19 FinTech Market Rapid Assessment Study, 2020
[18] KPMG, Pulse of Fintech H1 2020, September 2020
[19] KPMG, Pulse of Fintech H1 2020, September 2020

Sources of capital

The Tessin platform currently has almost 55,000 users, of whom around 800 belong to the Tessin Premium network, which accounts for a significant portion of brokered capital.

Tessin is adding product offerings and sources of capital to create the opportunity to not only expand total loan volume, but also the capacity to broker larger loans. In so doing, the company can eventually become a viable alternative for large and established players in the property sector. At present, Tessin mainly brokers real estate loans in the SEK 5–25 million bracket, but sees demand for real estate loans up to around SEK 100 million.

Tessin Premium
Tessin Premium is a network of investors who have invested at least SEK 500,000 via the platform in the past year. As a member of Tessin Premium, the investor gains access to marketed projects 12-24 hours before other investors and priority subscription and allocation.

Tessin loan portfolios
Tessin loan portfolios are investment products that build portfolios of several different loans brokered via the company's platform and network. A minimum of around SEK 50,000 is often required to invest in individual loans, but these loan portfolios make it possible for investors to achieve risk diversification among loans brokered via the Tessin platform for smaller investments as well. The loan portfolios give Tessin members the opportunity to take on exposure to real estate projects while the investment is spread across numerous projects, which further spreads the risk.

Tessin Capital
Aimed at expanding Tessin's financing capacity and responding to a growing need for more and larger projects, Tessin formed the wholly owned subsidiary Tessin Capital AB ("Tessin Capital") in 2019. Tessin Capital has main responsibility for attracting professional and institutional investors. Tessin Capital offers tailored investment offerings in real estate loans to large investors like UCITS funds and other institutions. A new structure was built up in the platform in 2019 that will make the process simpler for larger institutional investors to invest in the real estate loans Tessin identifies through its sourcing process. At present, Tessin Capital has most special mandates and UCITS funds and has brokered around SEK 250 million to its target group since incorporation.

Fastighetsräntefonden
Fastighetsräntefonden is a credit fund launched on the market through a partnership between Tessin and Alfakraft Fonder, a fund management company. Fastighetsräntefonden is an alternative investment fund that has been listed on NGM since autumn 2019. While traditional real estate funds acquire physical properties or property-related equities, Fastighetsräntefonden invests primarily in property credits instead. Consequently, Fastighetsräntefonden's returns are not dependent on value growth in a property company and its underlying property holdings or on market volatility. Instead, Fastighetsräntefonden's returns are made up of interest paid on the property credits and the investments are protected partially or entirely by mortgages and other available collateral. In brief, the structure of the fund is based on active screening of the real estate loans presented on the Tessin platform by an investment committee with the fund manager, Alfakraft. A diversified portfolio of property credits is then composed to achieve good spread of risk and a target return of 6-8 percent a year.

Credit process
The borrower and the borrower's partners, if any, and representatives are vetted before Tessin publishes a real estate loan. The companies and their representatives are checked in various registers and their credit and collateral are checked. If the borrower meets Tessin's criteria, the project is published on Tessin's platform. Products are marketed only via the platform and email distributions.

Credit process

1 **Step 1: Unique project sourcing process**

2 **Step 2: Review of transaction arrangements**
- Review by financing adviser
- Project aim and scope
- Information regarding experience and history
- Project phase and loan requirement

3 **Step 3: Initial assessment**
- Analysis of relevant documentation
- Financial reports
- Budget/cash flow analyses
- Credit reports
- Property information
- Repayment plan

4 **Step 4: Due diligence and KYC**
- Due diligence: Public registers, fraud check, property registers, Creditsafe report, Swedish Enforcement Authority, courts, criminal registers, etc.
- KYC report: Purpose of the loan, ownership structure, PEP, RCA, AML, sanctions lists, etc.

5 **Step 5: Negotiation**
- Negotiation of terms and conditions
- Standard collateral package
- Mortgage lien
- Parent company guarantees
- Equity pledge
- Personal guarantee
- Standardised agreement and terms and conditions

6 **Step 6: Property valuation**
- Independent property valuation by authorised valuation firm
- Internal analysis of the valuation
- Verification that the valuation is no older than 6–12 months (sometimes less to preclude the risk of short-term changes in value during periods of high market volatility)

7 **Step 7: Credit Committee**
- Credit analysis
- Internal risk classification system
- Legal review
- Decision on final terms and conditions and prerequisites
- External credit committee: For loans that exceed the mandate governed by the Credit Policy

LOAN

Photo: **Christian Gustavsson**

TECHNOLOGY

Tessin has developed and provides a digital platform that makes it possible for private and institutional investors to lend money to various real estate projects. The work to rebuild the underlying technical structure began in 2019 to make it possible to handle considerably larger capital volumes with no significant need to increase the workforce or fixed costs.

Tessin SPOT

Developed in 2020, the internal Tessin SPOT (Single Point of Truth) system gathers all loan management and data in one place. The system has the capacity to scale rapidly and holds huge potential for automating internal processes and workflows. The technical architecture enables cost-effective scalability in the capacity to manage customers, transactions and other datasets, which allows resources to be focused on building deal value instead of costly infrastructure maintenance. This gives Tessin significant opportunity to handle more borrowers and lenders, as well as more complex deal products, without scaling up the resource requirement.

The Tessin sourcing engine identifies and qualifies business

Tessin's proprietary sourcing engine identifies an estimated 90–95 percent of all new business in addition to incoming financing queries. The sourcing engine processes information from various types of databases and news services, using machine learning for example, to identify and explore qualified business opportunities. The business opportunities are connected automatically to the CRM system, which provides details including contact persons, ongoing building projects, financial status and news monitoring. The purpose of the automated process is to supply a continuous deal flow in all market conditions.


Photo: **Atty Construction**


Photo: **Atella Fastigheter**


Photo: **Atella Fastigheter**

PROJECTS

Two projects financed via Tessin

A TOTAL OF 82 loans were brokered via the Tessin platform in 2020 to a total value of SEK 688 million. The majority of the capital has financed the construction of new residential properties across Sweden and a significant share has financed property acquisitions and refinancing transactions.

The capital brokered via Tessin since the platform was launched in 2014 has contributed to the building of more than 5,000 residential units and numerous commercial premises and public buildings. Here are just two of the borrowers who obtained financing in 2020.

Atella Fastigheter

Atella is a property development company focused on acquiring, improving, densifying and developing properties and homes in growth regions in Sweden. The company was founded in 2015 and operates mainly in the Greater Stockholm and Mälardalen regions through the construction of new housing estates.

Aimed at realising the company's goal of becoming one of the leading housing developers in Sweden, Atella has carried out seven capital raisings via Tessin to a total value of around SEK 105 million.

Atty Construction

Formed in 2005, Atty Construction's principal business is the long-term ownership, development and management of the Ödåkra 1:186 property, formerly the town's historic distillery. The distillery was built in 1896, but has recently gained a new lease of life in the form of 52 new commercial premises including art galleries, shops, offices and a padel sport centre. Several of the completed tenant fit-outs were financed via the Tessin platform, which lent a total of SEK 20 million to Atty Construction.

Atty Construction is run by an experienced team with numerous residential and office property projects carried out in their previous company involvement. The company is owned by Wargenbrant Holding AB and is part of a corporate group whose total property holdings are worth SEK 105 million.

"We have put a lot of effort into the integration of modern solutions and timeless charm. Building this way is an art and we are delighted that Tessin's members were interested in the project and that they saw the same values we did!"

MARTIN HAASE
Founder of Atty Construction

Photo: **Atty Construction**

Tessin's people are the key to reaching the goal

Tessin is a high-growth fintech defined by its development of leading-edge technology to drive the business and organisation. Solving problems is what we do, day in and day out, which is why we challenge ourselves to work smart and efficiently find solutions at a deeper level. We work in a field where change is the only constant, which puts the pressure on us to adjust, adapt and sharpen our capacity to solve problems. The operational work is shaped by an agile method to streamline the organisation and work towards our common goals.

2020 WAS A difficult year for many businesses and Tessin and our employees were not immune. Notwithstanding the hardships, the business managed to quickly adapt to the new circumstances and we have successfully maintained a high level of service and delivery, thanks to the commitment and professionalism of all managerial and non-managerial employees. There is no doubt that everyone in the entire organisation has done their utmost to deliver a high-quality product in spite of difficult and challenging conditions.

Our employees

The workforce was reduced from 40 to 25 employees during the year due to the pandemic situation. At year end, 28 percent of employees were women and 10 percent of employees in managerial positions were women. There were no new hires in 2020, but Tessin's efforts in the area of equal opportunity and diversity are ongoing. The goal is to achieve gender balance in the organisation. As part of that effort, we are careful to ensure that there are always both male and female candidates in our recruitment processes and to create balance between junior and senior staff, which will be Tessin's continued focus in connection with future recruitment needs.

Tessin's health profile

The health profile is popular among our employees and we see it as one of the keys to attracting, motivating and retaining talents with immense long-term potential. Tessin is working across the board to create a healthy workplace that prevents illness and gives employees the tools they need for a good work/life balance. Lofty goals demand productivity, fast delivery and strong commitment and we believe encouraging a healthy lifestyle helps make that happen. Towards that end, the company delivered several health-promoting activities during the year to maintain the sense of cohesion and fellowship in spite of the unsettled times.

Skills development

Opportunities for good skills development are another hallmark of a good workplace. We believe success is born of responsibility and ownership, which is why Tessin's employees are the drivers of their own learning process and take responsibility for achieving their personal goals. Goals are attained in various ways including the agile method applied day-to-day and projects carried out in cross-functional teams. We ensure the opportunity for the entire organisation to work cross-functionally, which applies to all departments, from customer service to technology development. The agile method is a key part of the learning process for employees and is fundamental

to creating productive teams. It also makes it possible for employees to be continuously challenged and inspired and to gain new insights from colleagues.

Recruitment strategy

We believe a strong company culture is a critical aspect of recruitment ad we have developed a model in which candidates who have progressed to a certain stage of the recruitment process are given the opportunity to come in and preview a working day with us here at Tessin. We have positive experience with this approach and will be intensifying and further developing the method to achieve even better job matching and to find individuals with the skill, the drive and the experience we are looking for. The key to taking Tessin to the next level is finding new entrepreneurs intent on building the premier lender to property development projects in the Nordics.

Students and internships

We offer young talents the opportunity to work at Tessin alongside their studies. We make use of research-based recruitment tools to find the most outstanding candidates who are nearing the end of their university studies and want to augment their academic knowledge with practical experience and learn more about real estate and alternative financing methods.

"We believe success is born of responsibility and ownership, which is why Tessin's employees are the drivers of their own learning process and take responsibility for their attaining their personal goals."

Financial statements

Board of Directors' report

THE BOARD OF Directors and the Chief Executive Officer of Tessin Nordic AB (publ), company registration number 556965-9187, herewith present the annual report and consolidated accounts for the operations of the parent company and the Group for the annual reporting period of 1 January to 31 December 2020. Unless otherwise specified, all figures are presented in SEK thousands (SEK 000s). Terms such as "Tessin", "the company", "the Group" and the like refer in all cases to the parent company, Tessin Nordic AB, and its subsidiaries.

Business and organisation

Tessin Nordic AB was incorporated on 14 February 2014 in Stockholm, Sweden. Tessin is now the largest digital real-estate financing platform in the Nordic countries. The aim of the company is to leverage new technology to change the way real estate is financed and provide wider access to an attractive investment class formerly reserved for professional investors.

The head office of Tessin is in Stockholm, which is the company's principal place of business. The company also has a subsidiary and a branch in Finland. In addition to Group management, product development, sales and customer service are located in Stockholm.

Significant events during the financial year

Acquisition of Groundfunding Oy

The parent company acquired all shares in Groundfunding Oy on 4 March 2020. The acquisition was made to establish a strong platform in Finland enabling Tessin to offer attractive financing opportunities to property developers. The company does significant business in Finland within Tessin's prioritised target market.

The Covid pandemic

Early in the second quarter, the company decided to utilise the tools made available by the Swedish government, including short-term furloughs of all employees, to mitigate the business impact of the Covid pandemic. The short-term furloughs were in effect from 30 March to 31 July.

A number of people not assessed as necessary to the ability to maintain delivery capacity, sales and quality in the short term were made redundant.

Formation of Tessin Service AB

The Tessin Group purchased a "shelf company" in September 2020, which will constitute the wholly owned subsidiary Tessin Service AB. Its operations will include managing certain service commitments towards Tessin's lenders and borrowers. The exact frameworks of the company's operations remain to be determined.

Significant events after the end of the year

- Heidi Wik was appointed the new President and CEO of Tessin in January. Ms Wik will begin in the role in June 2021. Tessin's current CEO will transition to the new role of Head of Business Development with focus on institutional investor relations.
- Tessin announced in March that the company intends to execute a listing on Nasdaq First North through a reverse takeover via Effnetplattformen AB, which is listed on Nasdaq First North.
- Tessin expanded the shareholder base in April prior to the listing on Nasdaq First North. Tessin's largest shareholder, Stronghold Invest, will sell part of its holding to NFT Ventures AB (increasing its current holding), Illja Batljan Invest AB and Cantaloupe AB (the founders of Sinch).
- Tessin also executed a directed issue of new 700,000 new shares in April, at a subscription price of SEK 55 per share. The issue was aimed at raising capital for Tessin's continued development and ongoing expansion. The issue raised SEK 38.5 million before issue costs.

The Tessin Group at a glance

Multi-year comparison Group		**2020**	**2019**
Net sales	*SEK 000s*	37,320	30,540
Profit or loss after financial income/expenses	*SEK 000s*	-15,088	-20,538
Total assets	*SEK 000s*	50,689	49,363
Number of employees		30	29
Equity/assets ratio	*%*	35.79	64.83

Refer to page 64 for definitions and descriptions of financial performance measures defined or not defined under IFRS, as well as operational measures.

Net sales

Consolidated net sales rose during the 2020 financial year by 22.2 percent to SEK 37.3 million (30.5) compared to the preceding financial year.

The growth during the year is attributable partly to continued increases in the number of real estate development projects in which private individuals and other investors can invest through the Tessin investment platform and partly through the launch of Tessin's own product, a portfolio of real estate projects in which private investors are invited to invest. This product portfolio offers a wider spread of risk to investors than do investments in individual real estate projects. Tessin charges a fee for the product that reflects the financial risk assumed by the company in the event the product is not fully subscribed. Sales are in line with the company's development plan.

Operating profit or loss

Consolidated EBITDA improved during the 2020 financial year to SEK -8.0 million (-15.4) compared to the preceding financial year.

Consolidated EBIT improved percent during the 2020 financial year to SEK -14.7 million (-20.4) compared to the preceding financial year.

The earnings trend is also in line with the company's development plan. Investments in the company's technical platform continued in 2020 with a view to securing long-term sales growth.

Profit or loss for the year

Results of operations for the year improved during the 2020 financial year compared to the preceding financial year, to a loss of SEK -13.7 million (-17.6).

Liquidity and financial position

Cash used in operating activities amounted to SEK -10.9 million (-5.1). Consolidated cash and cash equivalents amounted to SEK 12.9 million at 31 December 2020.

Investments

Net investments in property, plant and equipment and intangible assets amounted to SEK 3.3 million.

Research and development

Tessin is developing a proprietary software platform that makes it possible for private and institutional investors to lend money to various real estate projects.

Development costs are capitalised as specified in Note 11 and amortised over three years. SEK 3.3 million (3.5) was capitalised during the year.

Total costs for research and development recognised as an expense in profit or loss during the year amount to SEK 2.9 million (3.5).

Environment

Tessin's core business, software development and digital transaction management, has very little environmental impact. Tessin has impact on the environment mainly through business travel and hardware operation and disassembly. Although the company does not have a formal environmental policy or targets, Tessin aims to minimise these effects to the extent possible by replacing travel with internet-based communications and travel by modes, such as rail, that have the least possible environmental impact. Tessin also aims to recycle outmoded hardware.

Employees

The Group employed an average of 30 (29) people during the period. Of the total, 27 percent (38) of employees are women.

The company applies a thorough recruitment process in which we use both our own networks and external expertise to attract talents. We select our employees with care and are proud of having some of the best and most experienced people in the business working for us. Our business is based on every individual making a contribution and taking responsibility for their own work. It is therefore essential to recruit motivated employees with the potential to grow with the company.

Tessin has wide representation of employees of diverse backgrounds. Mixing different backgrounds, skills, experience, talents, ages, qualifications and personalities in the organisation makes us more effective.

The company will continue growing and recruiting in our growth areas and expanding support functions as necessary.

Guidelines for compensation to senior management

Compensation to the CEO and other senior management personnel must reflect Tessin's need to recruit and motivate qualified employees through a compensation package perceived as fair and competitive. The board of directors is empowered to deviate from the following guidelines if there is special reason to do so.

Compensation comprises the following components:

- Fixed base pay
- Short-term and long-term variable pay
- Pension benefits
- Other benefits
- Pay during period of notice

Base pay and variable pay

Fixed pay must be market-based and reflect the employee's position, qualifications, experience and individual performance. Variable pay must be measured against pre-determined financial performance targets. Non-financial targets can also be used to strengthen focus on achieving the Group's strategic plans. The targets must be specific, clear, quantifiable, time-limited and adopted by the board of directors. Variable pay is capped at 30 percent of fixed base pay.

Long-term variable pay may include share-related incentive programmes. The board of directors evaluates annually whether a long-term share-related incentive programme should be proposed to the annual general meeting. Share-related incentive programmes are aimed at ensuring that the interests of senior management personnel are aligned with the interests of the company's shareholders. Individual long-term ownership among key individuals can be expected to stimulate keener interest in the business and its profitability, increase motivation and the sense of affiliation with the company.

Pensions
Pension benefits for the chief executive officer and other senior management personnel must reflect market terms comparable to that which generally applies to equivalent executives at other companies and should normally be based on defined contribution pension plans.

Other benefits
Other benefits should primarily consist of health insurance and fitness/wellness programmes. Other benefits may also include generally accepted compensation in conjunction with the hiring of an executive.

Pay during period of notice
If the company terminates the CEO's employment, the CEO shall be given notice of no more than six months. If the CEO resigns, he is required to provide six months' notice.

A mutual period of notice of two to six months applies between the company and other senior management personnel.

Multi-year comparison, Parent		**2020**	**2019**	**2018**	**2017**	**2016**
Net sales	*SEK 000s*	37,907	30,540	21,031	22,959	11,974
Profit or loss after financial income/ expenses	*SEK 000s*	-13,634	-18,043	-8,093	1,865	269
Total assets	*SEK 000s*	40,911	48,596	28,719	12,088	10,575
Number of employees		27	28	21	14	8
Equity/assets ratio	*%*	53.96	70.65	83.78	80.75	74.68
Allocation of profit and treatment of loss						

The following retained earnings/loss are at the disposal of the annual general meeting (SEK):	
Share premium reserve	53,374,052
Retained loss	-25,259,510
Loss for the year	-12,236,896
	15,877,646
The board of directors proposes that the retained loss/accumulated losses be carried forward.	15,877,646

Statement of comprehensive income

Amounts in SEK 000s	Note	**Group**		**Parent**	
		1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019	1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019
Operating revenue, etc.					
Net sales	2	37,320	30,540	37,907	30,540
Work performed by the entity and capitalised		2,936	3,456	2,936	3,456
Other operating revenue/Other income	3	2,490	3	2,384	3
Total operating revenue, etc.		**42,746**	**33,999**	**43,227**	**33,999**
Operating expenses					
Direct costs		-1,532	-3,380	-1,532	-2,551
Other external expenses	4.5	-17,624	-16,441	-21,803	-18,392
Employee benefits expenses	6.7	-31,589	-29,568	-29,045	-28,283
Depreciation of property, plant and equipment and amortisation of intangible assets/non-financial assets		-6,646	-5,023	-4,000	-2,812
Other operating expenses/Other expenses		-40	0	-36	0
Total operating expenses		**-57,431**	**-54,412**	**-56,416**	**-52,038**
Operating profit or loss		**-14,685**	**-20,413**	**-13,189**	**-18,039**
Net financial income/expenses					
Profit from other securities and receivables classified as non-current assets		1629	0	0	0
Other interest income and similar income items		119	0	3	0
Interest expense and similar loss items	9	-2,151	-125	-448	-4
Profit or loss after net financial income/ expenses		**-15,088**	**-20,538**	**-13,634**	**-18,043**
Tax on profit or loss for the year	10	1,355	2,953	1,397	2,709
Profit or loss for the year		**-13,733**	**-17,585**	**-12,237**	**-15,334**

	Group		**Parent**	
Earnings per share, SEK	1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019	1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019
Earnings per share - basic and diluted	-2.24	-2.86	-1.99	-2.50
Total	**-2.24**	**-2.86**	**-1.99**	**-2.50**

Other comprehensive income

Amounts in SEK 000s	Note	Group		Parent	
		1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019	1 Jan 2020 31 Dec 2020	1 Jan 2019 31 Dec 2019
Profit or loss for the year		**-13,733**	**-17,585**	**-12,237**	**-15,334**
Other comprehensive income:					
Items that may subsequently be reclassified to profit and loss					
Items that may subsequently be reclassified to profit and loss					
Exchange differences arising from translation of foreign operations		-130	0	0	0
Other comprehensive income, net of tax		**-130**	**0**	**0**	**0**
Comprehensive income for the year		**-13,863**	**-17,585**	**-12,237**	**-15,334**

Assets

Group

Amounts in SEK 000s	Note	Group		Parent	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Non-current assets					
Intangible assets					
Capitalised system development	11	5,746	5,451	5,653	5,451
Sales portal	12	38	69	38	69
Goodwill	13	1,520	0	0	0
Total intangible assets		**7,304**	**5,520**	**5,691**	**5,520**
Property, plant and equipment					
Right-of-use assets	14	1,041	3,125	0	0
Equipment, computers and building systems	15	1,188	2,185	1,188	2,185
Total property, plant and equipment		**2,229**	**5,310**	**1,188**	**2,185**
Financial assets					
Investments in Group companies	17	0	0	6,388	2,388
Receivables from Group companies		0	0	50	50
Other long-term securities holdings		44	93	44	93
Deferred tax assets	19	4,339	2,953	4,106	2,709
Other non-current receivables	20	12,479	29	29	29
Total financial assets		**16,862**	**3,075**	**10,617**	**5,269**
Total non-current assets		**26,395**	**13,905**	**17,496**	**12,974**
Current assets					
Current receivables					
Trade receivables and comparable receivables	21	7,470	2,396	7,470	2,396
Receivables from Group companies		0	0	380	
Other receivables	22	17	640	16	433
Prepaid expenses and accrued income	23	3,916	3,769	3,627	4,314
Total current receivables		**11,403**	**6,805**	**11,493**	**7,143**
Cash and bank balances	24	**12,891**	**28,653**	**11,922**	**28,479**
Total current assets		**24,294**	**35,458**	**23,415**	**35,622**
Total assets		**50,689**	**49,363**	**40,911**	**48,596**

Equity and liabilities

Group

Amounts in SEK 000s	Note	Group		Parent	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Shareholders' equity	25				
Restricted equity					
Share capital		544	544	544	544
Reserve for development expenditure				5,653	5,438
Total restricted equity		**544**	**544**	**6,197**	**5,982**
Non-restricted equity	34				
Other capital contributions/Share premium reserve		53,374	53,374	53,374	53,374
Reserves		-130	0		
Retained earnings or loss		-21,914	-4,329	-25,260	-9,689
Net profit or loss for the year		-13,733	-17,585	-12,237	-15,334
Total non-restricted equity		**17,597**	**31,460**	**15,877**	**28,351**
Total equity		**18,141**	**32,004**	**22,074**	**34,333**
Liabilities					
Non-current liabilities					
Lease liability		0	557	0	0
Other liabilities		12,211	0	0	0
Total non-current liabilities		**12,211**	**557**	**0**	**0**
Current liabilities					
Trade payables		1,776	1,452	1,759	1,191
Liabilities to Group companies		0	0	1,719	200
Current tax liability		688	324	676	324
Lease liability		662	2,144	0	0
Contract liabilities and comparable liabilities	26	13,595	11,384	13,342	11,095
Accrued expenses and prepaid income	27	3,616	1,498	1,341	1,453
Total current liabilities		**20,337**	**16,802**	**18,837**	**14,263**
Total liabilities		**32,548**	**17,359**	**18,837**	**14,263**
Total equity and liabilities		**50,689**	**49,363**	**40,911**	**48,596**

Statement of changes in equity

Group

Amounts in SEK 000s	Note	Share capital	Share premium reserve	Reserves	Retained earnings	Net profit or loss for the year	Total equity
Opening balance, 1 Jan 2019		**500**	**27,945**	**-**	**-**	**-4,489**	**23,956**
Transfer of preceding year's profit or loss					-4,489	4,489	0
Employee warrants		-	-	-	129	-	129
Share issue		44	25,429				25,473
Transactions with the owners		**44**	**25,429**	**0**	**129**	**0**	**25,602**
Adjustment for subsidiaries not previously consolidated					31		31
Net profit or loss for the year						-17,585	-17,585
Comprehensive income for the year					31	-17,585	-17,554
Closing balance, 31 Dec 2019	25	**544**	**53,374**	**0**	**-4,329**	**-17,585**	**32,004**
Opening balance, 1 Jan 2020		**544**	**53,374**	**0**	**-4,329**	**-17,585**	**32,004**
Transfer of preceding year's profit or loss					-17,585	17,585	
Transactions with the owners		**0**	**0**	**0**	**-17,585**	**17,585**	**0**
Net profit or loss for the year						-13,733	-13,733
Other comprehensive income				-130			-130
Closing balance, 31 Dec 2019	25	**544**	**53,374**	**-130**	**-21,914**	**-13,733**	**18,141**

Statement of changes in equity

Parent

Amounts in SEK 000s	Note	Share capital	Develop-ment expenses reserve	Share premium reserve	Retained earnings	Net profit or loss for the year	Total equity
Opening balance, 1 Jan 2019		**500**	**3,620**	**27,944**	**92**	**-8,092**	**24,064**
Transfer of preceding year's profit or loss					-8,092	8,092	0
Change in reserve for development expenditure			1,818		-1,818		0
Employee warrants					129		129
Share issue		44		25,430			25,474
Net profit or loss for the year						-15,334	-15,334
Closing balance, 31 Dec 2019	25	**544**	**5,438**	**53,374**	**-9,689**	**-15,334**	**34,333**
Opening balance, 1 Jan 2020		**544**	**5,438**	**53,374**	**-9,689**	**-15,334**	**34,333**
Transfer of preceding year's profit or loss					-15,334	15,334	0
Change in reserve for development expenditure			215		-215		0
Employee warrants					-22		-22
Net profit or loss for the year						**-12,237**	**-12,237**
Closing balance, 31 Dec 2019	25	**544**	**5,653**	**53,374**	**-25,260**	**-12,237**	**22,074**

Statement of cash flows

Parent

Amounts in SEK 000s	Note	Group 1 Jan 2020 31 Dec 2020	Parent 1 Jan 2020 31 Dec 2020	Parent 1 Jan 2019 31 Dec 2019
Profit or loss after financial income/expenses		-15,088	-13,634	-18,043
Adjustment for non-cash items	31	5,455	2,942	2,812
Income tax paid		333		
Cash flow from operating activities before changes in working capital		**-9,300**	**-10,692**	**-15,231**
Change in working capital				
Change in trade receivables and other receivables		-4,576	-4,782	562
Change in trade payables and other payables		2,941	5,005	9,607
Net cash flow from (-used in) operating activities		**-10,935**	**-10,469**	**-5,062**
Investing activities				
Shareholder contribution provided		0	-2,095	-2,300
Acquisition of shares in subsidiaries, net of cash and cash equivalents		-680	-847	0
Software development expenses		-2,936	-2,935	-3,456
Purchases of property, plant and equipment		-444	-238	-1,103
Change in portfolio holdings		-49	0	0
Other change in financial assets		-12,352	49	-93
Cash flow from (-used in) investing activities		**-16,461**	**-6,066**	**-6,952**
Financing activities				
Share issue		0	0	25,474
Employee warrants		0	-22	129
Borrowing		26,134	0	0
Amortisation of lease liability		-2,292	0	0
Amortisation of loans		-12,208	0	0
Cash flow from financing activities		**11,634**	**-22**	**25,603**
Cash flow for the year		**-15,762**	**-16,557**	**13,589**
Cash and cash equivalents at 1 January		28,653	28,479	14,890
Cash and cash equivalents at 31 December		**12,891**	**11,922**	**28,479**

TESSIN

Notes to the financial statements

Note 1 – Accounting and measurement policies

Nature of the business

Tessin is the largest digital real-estate financing platform in the Nordic countries. The aim of the company is to leverage new technology to change the way real estate is financed and provide wider access to an attractive investment class formerly reserved for professional investors.

The key accounting and measurement policies used in the preparation of the financial statements are summarised below. Any deviations from Group accounting policies applied by the parent company are specified below under "Parent company".

General information, compliance with IFRS and going concern assumption

Tessin Nordic AB, the parent company of the Group, is a public limited liability company incorporated and domiciled in Stockholm, Sweden. The head office and principal place of business is Olof Palmes gata 31, 111 22, Stockholm, Sweden.

The consolidated accounts were prepared in accordance with the Swedish Annual Accounts Act, Swedish Financial Reporting Board recommendation RFR 1 Supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements were prepared under the assumption that the Group is doing business as a going concern.

The consolidated accounts for the annual reporting period that ended 31 December 2020 were approved for publication by the board of directors on 7 May 2021. This is the first year the parent company has prepared and presented consolidated accounts. The second consolidated accounts as of 31 December 2020 were prepared in accordance with IFRS.

Standards, amendments and interpretations of existing standards that are not yet effective and have not been early applied by the Group

As of the date the financial statements were approved, certain new standards, amendments and interpretations of existing standards that are not yet effective have been published by IASB.

The management presumes that all relevant interpretations will be incorporated in the consolidated accounting and measurement policies once they have taken effect. New standards, amendments and clarifications that are neither applied nor specified below are not expected to have material impact on the consolidated financial statements.

Significant accounting and measurement policies

Basis for preparation of the financial statements

The consolidated financial statements have been prepared through application of the accrual principle and based on cost. Monetary amounts are expressed in Swedish currency (SEK).

All business is conducted in a single operating segment. When the parent company applies other accounting and measurement policies, this is specified below under *Parent company accounting and measurement policies*.

Basis for consolidation

The operations of the parent company and subsidiar-ies are consolidated in the consolidated accounts to 31 December. The annual reporting date is 31 December for all subsidiaries.

All intragroup transactions and balance sheet items are eliminated upon consolidation, including unrealised gains and losses on transactions between Group compa-nies. If unrealised losses on intragroup sales of assets are reversed upon consolidation, the underlying asset is also tested for possible impairment from a Group perspective. Amounts recognised in the annual accounts of subsidiaries have been adjusted where necessary to ensure consistency with Group accounting and measurement policies.

Profit or loss and other comprehensive income for subsidiaries acquired or sold during the year are recognised from the date the acquisition or sale closes, as appropriate.

Business combinations

The Group accounts for business combinations using the acquisition method. The consideration transferred by the Group to obtain a controlling interest in the subsidiary is calculated as the sum of the fair value on the acquisition date of transferred assets, assumed liabilities and equity instruments issued by the Group, which includes the fair value of an asset or liability arising from an agreement on contingent consideration. Acquisition costs are recognised as expenses when they are incurred.

Acquired assets and assumed liabilities are normally measured at fair value at acquisition date.

Functional currency and presentation currency

The consolidated accounts are presented in SEK, which is also the parent company's functional currency.

Revenues

Revenues refer to fees for loan brokerage.

When assessing whether revenue should be recognised, the Group follows a five-step process:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognise the revenue when the performance obligation is satisfied

Revenues are recognised once a specific project financing is fully subscribed. If the project is not completed because adequate financing was not achieved, no fee is charged. The revenue amounts to the agreed percentage of the project financing amount as agreed with the project owner. This fee is VAT-exempt.

Revenues are therefore recognised at the date project financing is fully subscribed.

Operating expenses

Operating expenses are recognised in profit or loss when the service is used or the event occurs. Guarantee expenses are recognised when the Group enters into an obligation, which usually occurs when the goods are sold.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised in the period of time required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred and are accounted for under the item *Financial expenses/Interest expenses* and similar loss items.

Other intangible assets – Initial recognition of other intangible assets

Internally developed software

Expenditures for the research phase of a project to develop new, customised software for IT and telecom systems are recognised as expenses in the period in which they are incurred.

Expenditures that are directly attributable to the development phase of a project are recognised as intangible assets provided they meet the following criteria:

- The development expenditure can be measured reliably
- The project is technically and commercially feasible
- The Group has the intent and the resources to complete the project
- The Group has the ability to use or sell the software
- It is probable that the software will generate future economic benefits

Development expenditures that do not meet these criteria for capitalisation are recognised as expenses when they are incurred.

Directly attributable expenditures include employee benefits expenses that arise in software development work along with an appropriate share of relevant overhead expenses and borrowing costs.

Recognition in subsequent periods

All intangible assets with a finite useful life, including capitalised, internally developed software, are measured at cost, whereupon expenditures are amortised systematically (straight-line) over the estimated useful life of the asset. Residual value and useful life are reviewed at each reporting date. Assets are also assessed for impairment.

The following useful lives are applied:

- Software: 3-5 years
- Brands: 15-20 years
- Customer register: 4-6 years

Internally developed software that has been capitalised but is not yet completed is not amortised but is assessed for impairment at least annually.

Amortisation is included in the item *Depreciation, amortisation and impairment of tangible and intangible assets.*

Additional expenditures for maintenance of software and brands are recognised as expenses when they are incurred.

The gain or loss upon disposal of an intangible asset is determined as the difference between the selling price and the carrying amount of the asset and is recognised in either *Other operating income* or *Other operating expenses.*

Property, plant and equipment

Equipment, tools and building systems

Equipment is initially measured at cost or manufacturing cost including direct costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The assets are subsequently measured at cost less accumulated depreciation and impairment.

Equipment is depreciated so that its depreciable amount is allocated on a systematic basis over its useful life (straight-line). The following useful lives are applied:

- Equipment: 3-12 years
- Right-of-use assets: 3 years

The gain or loss on disposal of an item of property, plant and equipment is are determined as the difference between the proceeds and the carrying amount and is recognised in either *Other operating income* or *Other operating expenses.*

Leased assets

The Group as lessee

In the Group's assessment, all contracts entered into on or after 1 January 2019 are a lease or contain a lease. A lease is defined as "a contract or part of a contract that conveys the right to control the use of an identified asset (the underlying asset) for a period of time in exchange for consideration". In order to apply this definition, the Group assesses whether the contract meets the criteria of three evaluations, which are whether:

- The contract contains an identified asset that is either explicitly specified in the contract or implicitly specified at the time the asset is made available for use by the Group.

- The Group has the right to substantially all the economic benefits that arise through use if the identified asset for the entire term of the contract, with consideration of the Group's rights within the contract's defined area of application.

- The Group has the right to control the use of the identified asset for the entire term of the contract. The Group determines whether or not it has to right to control "how and for what purpose" the asset will be used for the entire term of the contract.

Measurement and recognition of leases where the Group is the lessee

At the inception of the lease, the Tessin Group recognises a right-of-use (ROU) asset and a lease liability in the statement of financial position/balance sheet. The ROU asset is measured at cost, which includes the amount at which the lease liability was originally measured, any initial direct costs incurred, an estimate of the Group's costs to dissemble and remove the asset at the end of the lease term and any lease payments paid prior to the inception of the lease (less any incentives received).

The Group depreciates the ROU asset on a straight-line basis from the inception of the lease and with the earliest date of the useful life of the ROU asset and the end of the lease. The Group also assesses whether there is a need to impair the ROU asset when there is an indication of a decrease in value.

At the inception of the lease, the Group measures the lease liability as the present value of the lease payments that have not been paid as of that date. The lease payments are discounted at the rate implicit in the lease if that interest rate can be readily determined; if it cannot, the Group's incremental borrowing rate is used.

Lease payments included in the measurement of the lease liability include fixed payments (including substantially fixed payments) and variable lease payments that depend on an index.

Subsequent to the inception date, the liability is decreased by payments made and increased by interest charged. The liability is remeasured to reflect any reassessment or modifications of the lease of changes to the substantially fixed payments.

When the lease liability is remeasured, a corresponding adjustment must be made regarding the ROU asset or in the statement of comprehensive income/income statement if there is no carrying amount reported for the right-of-use asset.

The Group has opted to recognise short-term leases and leases where the underlying asset has a low value by utilising the practical solution provided in IFRS 16. Instead of recognising an ROU asset and a lease liability, lease payments are accounted for as an expense on a straight-line basis over the lease term.
ROU assets are reported separately in the statement of financial position under Property, plant and equipment, while lease liabilities are reported separately under non-current liabilities or current liabilities.

Impairment testing of other intangible assets and property, plant and equipment

For the purposes of impairment testing, assets are grouped into the smallest possible cash-generating units (CGU). A CGU is a group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. Consequently, certain assets are tested for impairment individually and certain assets are tested at the CGU level.

All individual assets or CGUs are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised at the amount by which the carrying amount of the asset or the CGU exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value in use. To determine the value of the ROU asset, management estimates the future cash flows expected to be derived from each CGU and determines an appropriate discount rate to calculate the present value of these cash flows. The data used in impairment testing is linked directly to the Group's most recent approved budget, adjusted as needed to exempt the effects of future reorganisations and improvements of assets. Discount rates are determined individually for each CGU and reflect current market assessments of the time value of money and the risks specific to the asset.

Impairment losses in CGUs are allocated by first reducing the carrying amount of any goodwill allocated to the CGU. Any remaining impairment loss reduces the carrying amounts of other assets in the CGU on a pro rata basis.

An impairment loss is reversed if the recoverable amount of the asset or the CGU exceeds the carrying amount.

Financial instruments

Initial recognition and measurement

Trade receivables are recognised when they arise. Other financial assets and financial liabilities are recognised when the Group becomes a party to the instrument's contractual terms.

Financial assets are removed from the balance sheet (derecognised) when the contractual rights related to the financial asset expire or when the contractual rights and all risks and rewards of ownership of the asset have been transferred. A financial liability is removed from the balance sheet when it is extinguished, that is when the obligation is discharged, cancelled or expires.

Classification and measurement of financial assets at initial recognition

At initial recognition, financial assets are classified as measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. The Group has only financial assets and liabilities measured at amortised cost. The carrying amount is an approximation of fair value.

The classification of financial assets does not change in subsequent periods unless the Group changes its business model for the management of financial assets, whereupon all financial assets affected by the change are reclassified as of the first day of the first annual reporting period following the change of business model.

A financial asset is measured at amortised cost if both of the following criteria are met and the asset has not been designated at fair value through profit or loss:

- The asset is held according to a business model whose objective is to hold the financial asset to collect the contractual cash flows, and

- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of financial assets

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective rate method. Amortised cost is reduced by any impairment losses. Interest income, exchange rate differences and impairment losses are recognised in profit or loss. Any gains and losses are recognised in profit or loss when the asset is removed from the balance sheet (derecognised).

The Group derecognises a financial asset when the contractual rights to receive cash flows from the financial asset expire.

The loss allowance for trade receivables is always measured at the amount equal to expected credit losses for the remaining term.

Classification and measurement of financial liabilities

The Group's financial liabilities include loans, trade payables and other liabilities as well as derivative instruments.

Financial liabilities are initially measured at fair value adjusted for transaction costs (if applicable), unless the Group has classified the financial liability at fair value through profit or loss.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method, other than derivative instruments and financial liabilities measured at fair value through profit or loss and which are, subsequent to initial recognition, are measured at fair value with gains or losses recognised in profit or loss (other than derivative instruments identified as an effective hedging instrument).

The Group removes a financial liability from the statement of financial position/balance sheet when the contractual obligations of the liability have been paid or expired.

All interest-related fees and, if applicable, changes in the fair value of an instrument recognised in profit or loss are included in either *Financial expenses* or *Financial income.*

Income tax

The tax expense recognised in profit or loss is comprised of the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

The calculation of current tax is based on tax rates and tax rules that have been enacted or substantively enacted at the end of the annual reporting period. Deferred income tax is calculated on temporary differences according to the balance sheet method.

Deferred tax assets are recognised to the extent it is probable that the Group will be able to utilise underlying tax loss carryforward or deductible temporary differences against future taxable profits. This is assessed based on the Group's forecasts of future operating profit adjusted for significant non-taxable income and expenses and specific restrictions applicable to the utilisation of unutilised tax losses or credits.

Cash and cash equivalents

Cash and cash equivalents comprise cash and disposable deposits with banks and equivalent institutions, as well as other short-term liquid investments that mature within 90 days of acquisition date and can be readily converted to known amounts of cash and are exposed to only insignificant risk of changes in value.

Equity, reserves and dividends

Share capital represents the quotient value of issued shares.

Other capital contributions/Share premium reserve include any premiums received in connection with the new issue of share capital. Any transaction costs associated with the new issue of shares are deducted from equity, with consideration taken to any income tax effects.

Retained earnings include all retained earnings and share-related payments to employees for the current and previous financial years.

All transactions with owners of the parent company are reported separately in equity.

Dividends to be paid to shareholders are included in *Other liabilities* when the dividends have been approved by a general meeting of shareholders prior to the reporting date.

Post-employment benefits and short-term employee benefits

Post-employment benefits

The Group provides post-employment benefits through various defined benefit and defined contribution pension plans.

Defined contribution pension plans

The Group pays determined contributions to independent companies related to several government pension plans and insurance policies for individual employees. The Group has on legal or constructive obligation to pay further fees in addition to the payment of the established contribution, which is expensed in the period in which the associated employee services were rendered.

Short-term employee benefits

Short-term employee benefits, including annual leave pay, that have not been paid are classified as current liabilities included in *Contractual liabilities and comparable liabilities*. These are measured at the undiscounted amount the Group expects to pay due to the unutilised right.

Key judgements in the application of accounting and measurement policies and sources of estimate uncertainty

When financial statements are prepared, management makes a number of judgements, estimates and assumptions concerning the recognition and measurement of assets, liabilities, income and expenses.

Key judgements by management

The following are significant judgements made by management in the application of the accounting and measurement policies that have the most material effect on the consolidated financial statements.

Capitalisation of internally developed software

The division between the research and development phases of new software development projects and the determination of whether the criteria for capitalisation of development expenditures have been met requires judgements. Subsequent to capitalisation, management monitors whether the accounting standards for development costs continue to be met and whether there are any indications that the capitalised expenditures may be exposed to a decline in value.

Recognition of deferred tax assets

Determination of the extent to which deferred tax assets can be recognised is based on assessment of the probability that it will be possible to utilise future taxable income against deductible temporary differences and accumulated tax loss carryforwards. Material judgements are also required in the assessment of the effects of certain legal or financial restrictions or uncertainties in different tax jurisdictions.

Sources of estimate uncertainty

Information follows concerning estimates and assumptions that have the most material impact on accounting and measurement of assets, liabilities, income and expenses. The outcomes may deviate significantly from the estimates and assumptions.

Useful lives of depreciable assets

At each reporting date, management reviews its estimates of the useful lives of depreciable assets based on how long the Group expects to use the assets. The uncertainty in these estimates depends upon technical obsolescence, which may change the use of specific software and IT equipment.

Measurement of fair value

Management uses measurement techniques in the calculation of the fair value of financial instruments (in the absence of quoted prices on active markets) and of non-financial assets. This includes making estimates and assumptions that are consistent with how market actors would price the instrument. As far as possible, management bases its assumptions on observable inputs, but observable inputs are not always available. When that is the case, management uses the best available information. Estimated fair values may differ from actual prices that could be achieved in a transaction on market terms as of the reporting date.

Parent company accounting and measurement policies

The parent company's annual accounts were prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and recommendation RFR 2 Accounting of Legal Entities issued by the Swedish Financial Accounting Standards Council.

The parent company's annual accounts are presented in the company's functional currency, SEK.

The parent company's accounting and measurement policies are identical to Group accounting and measurement policies except as specified below.

Presentation format

The income statement and balance sheet are presented in the format required under the Swedish Annual Accounts Act (ÅRL). There are differences in terminology, primarily as regards financial income and expenses in the income statement and shareholders' equity. The statement of changes in equity has been modified to reflect the items that must be included in the balance sheet under ÅRL.

Acquisition analysis

Cost is calculated as the sum, at the transaction date, of the fair values of the assets transferred, liabilities incurred or assumed and the equity instruments that the acquiring entity issued in exchange for controlling influence over the acquired entity, as well as all costs directly attributable to the acquisition.

The parent company measures all financial instruments according to the cost method and therefore measures contingent consideration at the value determined in the acquisition analysis. No remeasurement to fair value is performed.

Contingent consideration is accounted for as a component of cost if it is probable that the consideration will be paid. Cost is adjusted if the initial estimate of contingent consideration is changed.

An agreement on contingent consideration with sellers who become key employees of the company does not constitute an earnout.

Group contribution

All Group contribution received and provided are accounted for as appropriations.

Anticipated dividends

The parent company recognises anticipated dividends from subsidiaries if the parent company has the sole right to decide the size of the value transfer and the parent company has taken the formal decision regarding the size of the value transfer before its financial statements are published.

Subsidiaries

Investments in subsidiaries are measured at cost. Investments are not reclassified as assets held for sale.

Intangible assets

All intangible assets are measured at cost. All intangible assets have finite useful lives and are amortised over that period.

Internally generated development costs

Corresponding amounts capitalised as internally developed costs have been transferred from non-restricted equity to a development expenses reserve.

Note 2 – Revenues

The Group's revenues from contracts with customers are distributed as follows:

	2020			
Primary geographical markets	**Services**	**Portfolio holdings**	**Other**	**Total**
Sweden	34,235	1,195	0	35,430
Finland	1,890	0	0	1,890
Total	**36,125**	**1,195**	**0**	**37,320**

	2019			
Primary geographical markets	**Services**	**Portfolio holdings**	**Other**	**Total**
Sweden	29,097	726	50	29,873
Finland	667	0	0	667
Total	**29,764**	**726**	**50**	**30,540**

Note 3 – Other operating income

Government grants received related to short-term furloughs are included in *Other operating income* in the amount of SEK 2,479 thousand. The corresponding amount for the parent company is SEK 2,374 thousand.

Note 4 Remuneration to auditors

Expensed and other remuneration amounts to:

	Group		Parent	
	2020	**2019**	**2020**	**2019**
PwC				
Audit assignments	285	404	251	360
Tax advice	24	–	–	–
Other services	29	–	–	–
KPMG Oy Ab				
Audit assignments	13	–	–	–

Note 5: Leases

Lease liabilities presented in the statement of financial position are as follows:

Group	31 Dec 2020	31 Dec 2019
Current	662	2,144
Non-current	0	557
Total	**662**	**2,701**

Interest expenses pertaining to leases during the financial year amount to SEK 65 thousand (120k). Cash flow amounts to SEK 2,349 thousand (2,210k).

The Group leases office premises and an attached garage in Sweden under a three-year lease and office premises in Finland with an estimated term of 2 years. Except for short-term and low-value leases, an ROU asset and a lease liability are recognised in the statement of financial position. Variable lease payments that are not tied to an index are excluded from the initial calculation of lease liabilities and assets. The Group accounts for its ROU assets under *Property, plant and equipment*.

The current lease for office premises in Sweden ends 31 May 2021 and has been cancelled as of that date. A new lease has been arranged with the same landlord and will begin 1 June 2021.

Leases are generally restricted, provided the Group has no contractual right to lease the asset to another party, so that only the Group can use the asset. The leases are either non-cancellable or can only be cancelled against a significant cancellation fee. The leases contain an option to extend the term of the lease. The Group is not permitted to sell or pledge the underlying asset as collateral. The Group must maintain the leased building in good condition and restore it to its original condition at the end of the lease. The Group must also insure the leased assets and pay the costs of maintaining the assets in accordance with the leases.

The lease liability is guaranteed by pledging the underlying asset as collateral for the debt.

Note 6 – Employee benefits expenses

Employee benefits expenses are distributed as follows:

	Group		Parent	
	2020	**2019**	**2020**	**2019**
Salaries – *directors and CEO*	2,667	2,359	2,667	1,398
Salaries – *other employees*	18,017	16,455	16,981	16,455
Pensions, defined contribution – *directors and CEO*	477	243	477	243
Pensions, defined contribution – *other employees*	2,094	1,616	2,094	1,616
Other social insurance contributions	6,458	5,911	6,165	5,609
Total	**29,713**	**26,584**	**28,384**	**25,321**

Costs and obligations related to pensions and similar benefits to directors, the CEO and former directors and CEO:

	Base pay/ Director's fee	**Variable pay**	**Other benefits**	**Total**
Håkan Nyberg (chairman)	83	0	0	83
Katrin Lindahl Wallin (director)	67	0	0	67
Erik Nordin (director)	1,336	154	8	1,498
Daniel Kraft (director)	0	0	0	0
Pär Roosvall (director)	0	0	0	0
Jonas Björkman (CEO)	1,181	154	15	1,350
Other senior management personnel (number)	4,658		112	4,770
Total	**7,325**	**308**	**135**	**7,768**

Note 7 – Average number of employees

Group	31 Dec 2020		31 Dec 2019	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Sweden	28	20	29	18
Finland	2	2	–	–
Total	**30**	**22**	**29**	**18**

Parent	31 Dec 2020		31 Dec 2019	
	Average number of employees	Of whom men	Average number of employees	Of whom men
Sweden	27	19	28	17
Total	**27**	**19**	**28**	**17**

Note 8 – Gender distribution

One (2019: 1) director is a woman.

Note 9 – Other interest expenses and similar loss items

	Group		Parent	
	2020	2019	2020	2019
Interest expenses, leases	65	120	–	–
Other interest expenses and similar loss items	2,086	5	448	4
Total interest expenses	**2,151**	**125**	**448**	**4**

Note 10 – Tax on profit or loss for the year

The most important components of tax expense for the financial year and the relationship between expected tax expense based on the Swedish effective tax rate for the Group of 21.4% (2019: 21.4 %) and recognised tax expense in profit or loss is as follows:

	Group		Parent	
	2020	2019	2020	2019
Profit or loss before tax	-15,088	-20,538	-13,634	-18,043
Tax rate applicable to the parent company	21.4%	21.4%	21.4%	21.4%
Non-deductible expenses	-111	-77	-104	–
Effect of changed tax rate	81	–	104	–
Tax loss carryforwards not previously recognised as assets	–	2,213	–	1,892
Measurement of tax loss carryforwards in previous years	–	817	–	817
Other	45	–	45	–
Recognition of deferred tax related to timing differences	1,340	–	1,352	–
Current tax recognised in profit or loss	**1,355**	**2,953**	**1,397**	**2,709**
The tax expense comprises the following components:				
Current tax				
On profit or loss for the year	-31	–	–	–
Deferred tax on capitalised tax loss carryforwards for the year	1,386	2,953	1,397	2,709
Tax recognised in profit or loss	**1,355**	**2,953**	**1,397**	**2,709**

Note 11 – Capitalised system development

Changes in the carrying amounts for development and comparable work are as follows:

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accumulated cost at 1 January	7,372	3,916	7,372	3,916
Purchases via business combinations	376	–	–	–
Internally developed	2,936	3,456	2,936	3,456
Accumulated cost at 31 December	**10,684**	**7,372**	**10,308**	**7,372**
Accumulated amortisation at 1 January	-1,921	-185	-1,921	-185
Exchange rate differences	-8		–	
Amortisation for the year	-3,009	-1,736	-2,734	-1,736
Accumulated amortisation at 31 December	**-4,938**	**-1,921**	**-4,655**	**-1,921**
Carrying amount	**5,746**	**5,451**	**5,653**	**5,451**

All depreciation, amortisation and impairments are included in *Depreciation, amortisation and impairments of property, plant and equipment and intangible assets.*

Note 12 – Sales portal

Changes in the carrying amounts for concessions, patents, licences, brands and comparable rights are as follows:

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accumulated cost at 1 January	159	159	159	159
Accumulated cost at 31 December	159	159	159	159
Accumulated amortisation at 1 January	-90	-58	-90	-58
Amortisation for the year	-31	-32	-31	-32
Accumulated amortisation at 31 December	-121	-90	-121	-90
Carrying amount	**38**	**69**	**38**	**69**

Note 13 – Goodwill

Changes in the carrying amounts for goodwill are as follows:

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accumulated cost at 1 January	–	–	–	–
Acquired entities	1,520	–	–	–
Accumulated cost at 31 December	1,520	0	0	0
Carrying amount	**1,520**	**0**	**0**	**0**

Two cash generating units have been identified within the Group, the Swedish and the Finnish operations. Goodwill in the Group is attributable entirely to the Finnish operations.

Impairment testing

No need to impair goodwill was identified in the annual impairment test.

Note 14 – Right-of-use assets

Changes in the carrying amounts of right-of-use assets are:

	Group	
	31 Dec 2020	31 Dec 2019
Accumulated cost at 1 January	5,336	–
Leases according to IFRS 16	–	5,336
Additional leases related to acquisitions	206	–
Indexation	77	–
Accumulated cost at 31 December	**5,619**	**5,336**
Accumulated amortisation/depreciation at 1 January	-2,211	–
Exchange rate differences	4	–
Amortisation for the year	-2,371	-2,211
Accumulated amortisation/depreciation at 31 December	**-4,578**	**-2,211**
Carrying amount	**1,041**	**3,125**

Note 15– Equipment, computers and building systems

Changes in the carrying amounts of equipment, computers and building systems are:

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accumulated cost at 1 January	3,939	2,836	3,939	2,836
Purchases	238	1,103	238	1,103
Accumulated cost at 31 December	**4,177**	**3,939**	**4,177**	**3,939**
Accumulated depreciation at 1 January	-1,754	-711	-1,754	-711
Depreciation for the year	-1,235	-1,043	-1,235	-1,043
Accumulated amortisation at 31 December	**-2,989**	**-1,754**	**-2,989**	**-1,754**
Carrying amount	**1,188**	**2,185**	**1,188**	**2,185**

Note 16 – Financial assets and liabilities

Categories of financial assets and liabilities

The policies describe the respective categories of financial assets and liabilities and associated recognition and measurement policies. The carrying amounts for financial assets and liabilities per category are as follows:

31 Dec 2020	Amortised cost	Fair value through profit or loss	Total
Financial assets			
Portfolio holdings		44	44
Other financial assets	12,479		12,479
Total	**12,479**	**44**	**12,523**
Trade receivables and other receivables	7,487	0	7,487
Cash and cash equivalents	12,891	0	12,891
Total financial assets	**32,857**	**44**	**32,901**

31 Dec 2020	Liabilities at amortised cost	Total
Financial liabilities		
Long-term borrowing	12,211	12,211
Short-term borrowing	662	662
Trade payables and other payables	15,371	15,371
Total financial liabilities	**28,244**	**28,244**

31 Dec 2019	Amortised cost	Fair value through profit or loss	Total
Financial assets			
Portfolio holdings		93	93
Other financial assets	29		29
Total	**29**	**93**	**122**
Trade receivables and other receivables	3,036	0	3,036
Cash and cash equivalents	28,479	0	28,479
Total financial assets	**31,544**	**93**	**31,637**

31 Dec 2019		
	Liabilities at amortised cost	**Total**
Financial liabilities		
Long-term borrowing	566	566
Short-term borrowing	2,135	2,135
Trade payables and other payables	12,836	12,836
Total financial liabilities	**15,537**	**15,537**

Other financial instruments

The carrying amounts of the following financial assets and liabilities have been assessed as reasonable estimations of their fair value.

- Trade receivables and other receivables
- Cash and cash equivalents
- Trade payables and other payables

Note 17 Investments in Group companies

Composition of the Group

The Group includes the following direct interests in subsidiaries:

Name	Reg. no.	Reg. office	Number of shares	Share of equity 2020	Share of equity 2019
Tessin Capital AB	559153-7252	Stockholm	500	100	100
Tessin Services AB	559269-2866	Stockholm	250	100	–
Groundfunding Oy	2734546-3	Linnankatu	8,000	100	–

31 Dec 2020	Parent	
	31 Dec 2020	**31 Dec 2019**
Accumulated cost at 1 January	2,388	88
Acquisitions	1,905	–
Shareholder contribution provided	2,095	2,300
Accumulated cost at 31 December	6,388	2,388
Carrying amount	6,388	2,388

Significant estimates and assumptions

The Group believes there is demand for services from both Tessin Capital AB and Groundfunding Oy that will generate capital and thus estimates that no impairment of the investments is necessary as of the reporting date.

Note 19 – Deferred tax assets and tax liabilities

Deferred taxes arising from unutilised loss carryforwards are summarised as follows:

Change during the year:	**Group**		
	1 Jan 2020	Recognised in profit and loss	31 Dec 2020
Unutilised loss carryforwards	2,953	1,386	4,339
	2,953	1,386	4,339

Change during the year:	**Group**		
	1 Jan 2019	Recognised in profit and loss	31 Dec 2019
Unutilised loss carryforwards	–	2,953	2,953
	–	2,953	2,953

Change during the year:	**Parent**		
	1 Jan 2020	Recognised in profit and loss	31 Dec 2020
Unutilised loss carryforwards	2,709	1,397	4,106
	2,709	1,397	4,106

Change during the year:	**Parent**		
	1 Jan 2019	Recognised in profit and loss	31 Dec 2019
Unutilised loss carryforwards	–	2,709	2,709
	–	2,709	2,709

All deferred tax assets (including loss carryforwards and other tax deductions) have been recognised in the statement of financial position.

Note 20 – Other non-current receivables

	Group		**Parent**	
	31 Dec 2020	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
Accumulated cost at 1 January	29	29	29	29
New receivables	12,450	–	–	–
Accumulated cost at 31 December	12,479	29	29	29
Carrying amount	12,479	29	29	29

Note 21 – Trade receivables

Trade receivables comprise the following:

Group	31 Dec 2020	31 Dec 2019
Trade receivables, gross	8,283	2,978
Expected credit loss allowance	-813	-582
Trade receivables, carrying amount	**7,470**	**2,396**

Note 22 – Contract receivables and other receivables

Contract receivables and other receivables comprise the following:

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Other	17	640	16	432
Total	**17**	**640**	**16**	**432**

Note 23 – Prepaid expenses and accrued income

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Prepaid marketing expenses	2,520	3,720	2,520	3,720
Prepaid rent	–	–	740	–
Accrued interest income	496	–	–	–
Other prepaid expenses and accrued income	900	49	367	49
Carrying amount	**3,916**	**3,769**	**3,627**	**3,769**

Note 24 – Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 Dec 2020	31 Dec 2019
SEK	12,584	28,653
EUR*	307	–
Total	**12,891**	**28,653**

**Translated to SEK at the closing rate.*

Note 25 – Equity

Share capital

Share capital in the parent company consists entirely of fully paid ordinary shares with a par value (quotient value) of SEK 0.089 per share. All shares carry the same right to dividends and repayment of invested capital and carry the right to one vote at the annual general meeting of the parent company.

The parent company issued 498,138 shares on 17 June 2019 corresponding to 8.1 percent of the total number of issued shares. Each share carried the same right to dividends and repayment of invested capital and represents one vote at the annual general meeting of the parent company.

Share premium reserve

Sums received for issued shares in addition to the quotient value during the year (share premium) are included in "Share premium reserve" less registration fees and comparable fees and less attributable tax benefits.

	31 Dec 2020	31 Dec 2019
Subscribed and paid shares		
– At 1 January	6,137,978	5,639,840
– Share issue	–	498,138
Subscribed and paid shares	6,137,978	6,137,978
Total decided at the end of the year	**6,137,978**	**6,137,978**

Note 26 – Contract liabilities and other liabilities

Other liabilities consist of the following:

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Other	2,538	1,384	2,285	1,095
Short-term loans	10,000	10,000	10,000	10,000
Unpaid consideration	1,057	–	1,057	–
Total	**13,595**	**11,384**	**13,342**	**11,095**

Note 27 – Accrued expenses and deferred income

	Group		Parent	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Accrued employee benefits expenses	708	1,193	376	1,174
Deferred income	358	–	358	–
Accrued interest expenses	813	–	368	–
Other accrued expenses and deferred income	1,737	305	239	279
Carrying amount	**3,616**	**1,498**	**1,341**	**1,453**

Note 28 – Pledged assets and contingent liabilities

Pledged assets	Group		Parent	
	31 Dec 2020	**31 Dec 2019**	**31 Dec 2020**	**31 Dec 2019**
For own provisions and liabilities:				
Liabilities to credit institutions				
Blocked funds in banks	1,337	1,337	1,337	1,337
Total	**1,337**	**1,337**	**1,337**	**1,337**

Note 29 – Related party transactions

The Group has had no transactions with related parties other than compensation to key individuals. See Note 6 for further information.

Note 30 Events after the reporting date

Heidi Wik was appointed as the new President and CEO of Tessin in January 2021. Ms Wik will begin in the role during the second quarter of 2021.

An agreement was made with Effnetplattformen AB in March on the sale of Tessin Nordic through a reverse takeover for listing on Nasdaq First North Growth Market.

Affärsvärlden, Sweden's leading business magazine, has initiated coverage of Tessin and is creating a coverage area that includes investment by *Affärsvärlden* in a Tessin portfolio with equity.

Not 31 – Non-cash adjustments and changes in working capital

The following non-cash adjustments and adjustments for changes in working capital have been made in profit or loss before tax to arrive at cash flow from operating activities:

	Group	Parent	
	31 Dec 2020	**31 Dec 2020**	**31 Dec 2019**
Depreciation, amortisation and impairments of non-financial assets	6,646	4,000	2,812
Unsettled earn-out (conditional consideration) related to acquisitions of Group companies	-1,057	-1,057	–
Other non-cash adjustments	-4	-1	–
Translation differences	-130	–	–
Total adjustments	**5,455**	**2,942**	**2,812**

Note 32 – Risks associated with financial instruments

Risk management policies and objectives

Tessin is exposed to various types of financial risks in the course of doing business. Financial risk refers to fluctuations in the company's results of operations and cash flows consequent upon changes in exchange rates, interest rate levels, refinancing risks and credit risks.

The frameworks that apply to exposure, management and monitoring of financial risks are established by the board of directors in a finance policy that is revised annually and which also governs the use of derivative instruments. At present, Tessin does not use such instruments.

Compliance with policies and exposure are continuously reviewed. The Group does not engage in speculative trade in financial instruments.

Liquidity and financing risk

Liquidity risk is the risk that the Group may encounter difficulties performing is obligations associated with financial liabilities. Liquidity planning is used to manage liquidity risk and minimise the costs of financing the Group.

On an annualised basis, cash flow and results of operations remain negative for the Group, although revenues increased during the 2020 calender year compared to the 2019 calendar year and losses declined during the same period. The Group is consequently dependent upon external financing to continue operating. There is risk that difficulties may arise in securing such external financing because the necessary capital is unavailable or can only be obtained on terms that are disadvantageous to the Group. The acquisition of necessary capital may be affected by various factors including macroeconomic factors, a change in investment appetite and failure or adverse development of the Group's business. If Tessin opts to raise additional financing through the issue of shares or share-related instruments, shareholders who do not participate in such issues may be adversely affected by dilution. In connection with debt financing, if such is available to the Group, covenants may be imposed that limit the Group's scope of action in various respects.

If the risks above were to materialise, it could have material, adverse impact on the Group's operations, financial position and growth. The Group assesses the likelihood that the risks described above will occur as medium-high. If the risks as above are realised, the expected adverse impact would be high, as assessed by the Group.

Market risk analysis

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. IFRS divides market risk into three categories; interest rate risk, currency risk and other price risks. The market risk that primarily affects the Group is interest rate risk.

Foreign currency sensitivity

The risk that fair values and cash flows related to financial instruments could fluctuate when the value of foreign currencies changes is called currency risk. At present, Tessin's exposure to currencies other than SEK is insignificant.

Interest rate sensitivity

Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market interest rates. Interest rate risk can lead to changes in cash flows. The fixed interest term is a significant factor that affects interest rate risk. The interest rate is fixed for the entire term of Tessin's loan financing.

Credit risk

The risk that Tessin's customers will fail to perform their obligations, that is, that payment will not be obtained from customers, constitutes a customer credit risk. Tessin runs a very low credit risk because loans from investors are paid to customers only after Tessin has deducted its fees. It is also Tessin's policy to credit check all customers. In that process, information about customers' financial position is obtained from credit rating firms.

Not 33 – Capital management policies and procedures

The Group's objective for the capital structure is to secure the Group's capacity to continue doing business so that it can generate returns to shareholders and benefit to other stakeholders and maintain an optimal capital structure to restrain the costs of capital.

Management estimates the Group's capital requirement in order to maintain an effective overall financing structure while avoiding excessive leverage effects. The Group manages the capital structure and adjusts it to changes in financial circumstances and with reference to the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group can adjust the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

The Group assesses capital based on the debt/equity ratio. This key figure is calculated as net debt divided by equity. Net debt is calculated as total borrowing (including long-term borrowing and short-term borrowing recognised on the consolidated statement of financial position) less cash and cash equivalents.

Not 34 – Proposed allocation of profit or loss in the parent company

The following retained earnings/accumulated losses should be allocated/treated by the annual general meeting as follows:

	SEK 000s
Share premium reserve	53,374,052
Retained earnings/accumulated losses from previous years	-25,259,510
Profit or loss for the year	-12,236,896
Total	**15,877,646**

Note 35 – Approval of the financial statements

The consolidated financial statements for the annual reporting period that ended 31 December 2020 (including comparative figures) were approved by the board of directors on 7 May 2021.

Signatures

Håkan Nyberg
Chairman

Erik Nordin
Director

Daniel Kraft
Director

Pär Roosvall
Director

Katrin Lindahl Wallin
Director

Jonas Björkman
CEO

Our audit report was presented on the date indicated by our electronic signature.

Örlings PriceWaterhouseCoopers AB

Daniel Algotsson
Authorised Public Accountant

Auditor’s report

To the annual meeting of the shareholders in Tessin Nordic AB (publ), company registration number 556965-9187.

Report on the annual accounts and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated financial statements of Tessin Nordic AB (publ) for the 2020 financial year.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and of its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the general meeting of shareholders adopt the income statements and balance sheets for the Group and the parent company.

Basis for Opinions

We have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in greater detail in the *Auditor’s Responsibility* section. We are independent of the parent and the Group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects per these requirements.

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

Information Other than the Annual Accounts and Consolidated Financial Statements

This document also contains information other than the annual accounts and consolidated financial statements and is found on pages 1-24 and 58-64. The board of directors and the CEO are responsible for the other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any opinion or assurance regarding this other information.

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

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

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and for their fair presentation in accordance with the Swedish Annual Accounts Act and, in respect of the consolidated financial statements, in accordance with IFRSs as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as management determines is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and the consolidated financial statements, the board of directors and the CEO are responsible for assessing the ability of the company and the Group 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 assumption is, however, not applied if the board of directors and the CEO intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated 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 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 be reasonably expected to influence the financial decisions of users taken on the basis of the annual accounts and consolidated financial statements.

A more detailed description (in Swedish) of our responsibility for the audit of the annual accounts and consolidated financial statements is provided on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description shall be considered part of the auditor’s report.

Report on Other Legal and Regulatory Requirements

Opinions

In addition to our audit of the financial statements and consolidated financial statements, we have conducted an audit of the management of Tessin Nordic AB (publ) by the Board of Directors and CEO in 2020 and the proposal on the allocation or treatment of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit or loss be treated in accordance with the proposal in the board of directors’ report and that directors and the CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in greater detail in the *Auditor’s Responsibility* section. We are independent of the parent and the Group, in accordance with the code of professional ethics for accountants in Sweden, and have fulfilled our ethical responsibilities in other respects per 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 Directors and the CEO

The Board of Directors is responsible for the proposed allocation of the company’s profit or loss. In connection with a proposed dividend, this involves, among else, assessment of whether the dividend is justifiable with consideration given to the demands with respect to the size of equity in the parent company and the Group imposed by the nature, scope and risks associated with operations and the Group’s consolidation requirements, liquidity and financial position in general.

The board of directors is responsible for the company’s organisation and for management of the company’s affairs. Among else, this includes regular assessment of the company’s and the Group’s financial position and ensuring that the company’s organisation is structured in such a manner that accounting, management of funds and the company’s financial affairs in general are monitored in a satisfactory manner. The CEO shall attend to the day-to-day management of the company pursuant to guidelines and instructions issued by the board of directors and, among else, take the measures necessary to ensure that the company’s accounting records are prepared and maintained pursuant to law and that management of funds is conducted in a sound manner.

Auditor’s Responsibilities

Our objective regarding the audit of management, and thus our opinion concerning discharge of liability, is to obtain audit evidence sufficient to assess, with reasonable assurance, whether any director or the CEO in any material respect has:

- taken any action or committed a negligent breach that may result in liability to the company, or
- in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective regarding audit of the proposed allocation of the company’s profit or loss, and thus our opinion on the proposal, is to assess with reasonable assurance whether the proposal is consistent 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 measures or negligence that might result in liability to the company or that a proposed allocation of the company’s profit or loss is not consistent with the Companies Act.

A more detailed description (in Swedish) of our responsibility for the audit of the management of the company is provided on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description shall be considered part of the auditor’s report.

Stockholm at the date indicated by our electronic signature.
Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorised Public Accountant

Board of directors

Håkan Nyberg
Chairman of the Board

Katrin Lindahl Wallin
Director

Daniel Kraft
Director

Pär Roosvall
Director

Erik Nordin
Director, Head of Product Development

Håkan Nyberg
— Chairman of the Board

MSc Applied Mathematics, KTH

Born: 1959
Joined Tessin in: 2018
Previous roles: CEO Wästgöta Finans AB; CEO New Pebbles and Mountains AB; CEO Ikano Bank AB; CEO Nordnet Group; CEO EnterCard International
Current directorships: Tessin Nordic AB; Zlantar of Sweden AB, (director); Application Sweden AB, director; Borgo Fund 1 AB, (chairman)
Shareholding in Tessin: 7,038
Independent*

Katrin Lindahl Wallin
— Director

BSc economics and IT, MSc economics, Halmstad University

Born: 1977
Joined Tessin in: 2018
Previous roles: CIO at Nordic Finance; Interim CTO at Care by Volvo; CIO at Avida Finans; Management Consultant at Centigo; Head of System Maintenance at Länsförsäkringar Bank; Head of IT at DnB Bank, Swedish branch; Head of Prestudies and PMO at Handelsbanken Capital Markets; Head of Development for Trading, Team Lead for Trading & Project Lead for Trading, Risk and Financial Research at Handelsbanken IT
Current directorships: Chess IT, director
Shareholding in Tessin: 21,126
Independent*

Daniel Kraft
— Director

MSc Economics, Lund University

Born: 1984
Joined Tessin in: 2015
Previous roles: Stronghold Invest AB; Capgemini Consulting
Current directorships: External signatory for Stronghold Invest AB; Director of Newsec Technical Services AB, Datscha AB, Cikoria Partners AB, Mestro AB, WorkaroundTown Sverige AB, Stronghold Group AB, Niam IV Co-Investment AB, Westpartner AB, Nordkap AB, Tessin Nordic AB
Shareholding in Tessin: 1,747,138 [3]
Dependent * (represents Stronghold Invest)

Pär Roosvall
— Director

BSc Political Science, Stockholm University, Executive MBA, Stockholm School of Economics, Stanford University Graduate School of Business

Born: 1976
Joined Tessin in: 2015
Previous roles: EVP/ Chief Consumer and Strategy Officer, Bonnier News; Head of Circulation and Marketing, Dagens Nyheter; Chief Operating and Strategy Officer, Talentum
Current directorships: Chairman of Nomination Committee Swedish Fintech Association; director of UNHCR, NFT-group (and related companies), Alfa-kraft funds, Invenio Growth
Shareholding in Tessin: 1,298,978 [2]
Dependent * (represents NFT Ventures)

Erik Nordin
— Director, Head of Product Development

Master of Laws (LLM), Uppsala University; BSc Economics, Uppsala University

Born: 1981
Joined Tessin in: 2014
Previous roles: Senior Associate/ Attorney, Advokatfirman Hammarskiöld & Co; Associate, Linklaters Advokatbyrå
Directorships: Stora Ängby AB (director); Nicodemus AB (director); Norrvåge Förvaltning AB (director);
Shareholding in Tessin: 203,020 + 37,500[1]
Stock options in Tessin: 0
Dependent*

[1] Via Nicodemus AB
[2] Via NFT Ventures AB
[3] Via Stronghold Invest AB

* Dependent/independent in relation to principal shareholders

Photos: **Christian Gustavsson**

Group management

Jonas Björkman
CEO

Odd Bolin
CFO

Simone Heller
COO

Renco Smeding
Marketing Manager

Dennis Nkangi
CTO

Jonas Björkman
— CEO

MSc in Business Administration, Linköping University

Born: 1983
Joined Tessin in: 2014
Previous roles: Management Consultant, Inno Group; Investment Manager, Grain Capital; VD Five Star Service.
Current directorships: Nicodemus AB (director); Korsskär Förvaltning AB (director)
Shareholding in Tessin: 203,020 + 37,500[1]
Stock options in Tessin: 0

Odd Bolin
— Chief Financial Officer

MSc engineering physics, PhD plasma physics, KTH

Born: 1963
Joined Tessin in: 2019
Previous roles: CFO, Sinch AB; CFO, G5 Entertainment AB; CFO, Cybercom Group AB; CEO, Cybercom Sverige AB; Partner, Ceres Corporate Advisors AB; Partner, Hagströmer & Qviberg Fondkommission AB
Current directorships: Omegapoint Holding AB, chairman; HOB Management AB, chairman
Stock options in Tessin: 4,985

Simone Heller
— Chief Operating Officer

MSc Civil Engineering and Urban Management, KTH

Born: 1983
Joined Tessin in: 2016
Previous roles: Catella Corporate Finance; JM AB; HSB Stockholm
Shareholding in Tessin: 652 + 37,500[1]
Stock options in Tessin: 9,970

Renco Smeding
— Marketing Manager

MSc in Management, Vrije Universiteit Amsterdam, Netherlands, Technical Engineer, Avans University of Applied Sciences, Den Bosch, Netherlands

Born: 1977
Joined Tessin in: 2017
Previous roles: Marketing Manager, Bonnier News Lifestyle; Head of Analytics, Offerta; Head of Analytics, Web Guide Partner
Stock options in Tessin: 9,970

Dennis Nkangi
— Chief Technical Officer

MSc Computer Engineering, KTH

Born: 1978
Joined Tessin in: 2019
Previous roles: Head of Engineering and Interim CTO, Avida Finans
Stock options in Tessin: 9,970

[1] Via Nicodemus AB
[2] Via NFT Ventures AB
[3] Via Stronghold Invest AB

Photos: **Christian Gustavsson**

Magnus Nilsson
Transaction Manager

Lars Almquist
CEO Tessin Capital AB

Thomas Ahlerup
IR, Strategy and M&A

Magnus Nilsson
— Transaction Manager

BSc Economics and Business administration, Stockholm University

Born: 1983
Joined Tessin in: 2017
Previous roles: Consortum Capital Investments; Human Comfort AB; SEB
Current directorships:
Joint property association: Samfällighetsföreningen Kamelian (director)
Shareholding in Tessin: 37,500[1]
Stock options in Tessin: 9,970

Lars Almquist
— CEO Tessin Capital AB

MSc Economics, Uppsala University, double BSc Economics and Political Science, Stockholm University

Born: 1964
Joined Tessin in: 2015
Previous roles: Project Manager, Swedish Moderate Party; Sweden Manager, Cornerstone Real Estate Advisors; Head of Research and Consultancy, JLL Norden; CFO and later CEO, AIK Hockey AB; Consultant, Profi Partner; Analysts and later CFO, Utvecklings AB Robustus
Current directorships:
Lars Almquist AB; Strongminds AB; SAK Insurance AB; Litehouse Sverige AB; WAK Infra Partners AB; Tessin Capital AB; Tessin Kreditfond 1 AB; Tessin Thorén AB
Shareholding in Tessin: 62,500

Thomas Ahlerup
— IR, Strategy and M&A

Behavioural Science, Linköping University

Born: 1961
Joined Tessin in: 2019
Previous roles: Corporate Communications Director, Intentia International AB (publ.); Senior Vice President, Corporate Communications & Investor Relations, BTS Group AB (publ); Chief Investor Relations Officer, CLX Communications AB (publ); Senior Advisor, The Rud Pedersen Group
Current directorships: Izafe Group AB (publ), chairman
Stock options in Tessin: 9,970

[1] Via Nicodemus AB
[2] Via NFT Ventures AB
[3] Via Stronghold Invest AB

Björn Johnson
Head of Credit

Felix Ljunggren
Head of Legal

Björn Johnson
— Head of Credit

MBA, International Business, Keller Graduate School of Management

Born: 1984
Joined Tessin in: 2020
Background: Björn Johnson has been Head of Credit at Tessin Nordic since 2020 and has experience as Head of Credit at Swedbank Finans.
Current directorships: Director of Agda & Tage AB.
Stock options in Tessin: 9,970

Felix Ljunggren
— Head of Legal

Bachelor of Laws, Stockholm University

Born: 1982
Joined Tessin in: 2020
Background: Felix Ljunggren has been Head of Legal at Tessin since 2020. Prior to joining Tessin, he was a practising attorney and partner in the law firm of Ramberg Advokater AB.
Current directorships: Director and CEO, Tessin Services AB. Director of Stora Segholmen Förvaltning AB.
Stock options in Tessin: 10,256

Photos: **Christian Gustavsson**

Definitions

Financial performance measures not defined under IFRS

The company presents certain financial performance measures that are not defined under IFRS. The company believes these measures provide valuable supplementary information to investors and company management for several reasons, including that they facilitate evaluation of the company's performance. For example, the key figure of EBITDA is reported because it illustrates the company's underlying results of operations without the effects of depreciation and amortisation, thus providing a more comparable performance measure because depreciation and amortisation refer to historical investments. The company has also chosen to report the key figure of Adjusted EBITDA/EBIT to show underlying results of operations excluding non-recurring items, such as capital gains or losses, IPO costs as well as acquisition, restructuring and integration costs. As all companies do not calculate financial performance measures in the same way, these are not always comparable to the performance measures used by other companies. These financial performance measures should therefore not be considered substitutes for performance measures defined under IFRS.

Return on equity Profit or loss for the year divided by average equity.

Return on total equity Profit or loss for the year divided by average total assets.

Gross profit or loss Net sales less the cost of goods and services sold.

Gross margin Gross profit or loss as a percentage of net sales.

EBIT margin/Adjusted EBIT margin EBIT/Adjusted EBIT as a percentage of net sales.

EBITDA margin/Adjusted EBITDA margin EBITDA/Adjusted EBITDA as a percentage of net sales.

Equity per share Equity at the end of the period attributable to parent company shareholders divided by the number of shares outstanding at the end of the period.

Average total assets Total assets at the end of the previous year plus total assets at the end of the year divided by two.

Average total equity Total equity at the end of the previous year plus total equity at the end of the year divided by two.

Adjusted EBIT EBIT adjusted for items affecting comparability that have affected EBIT.

Adjusted EBITDA EBITDA adjusted for items affecting comparability that have affected EBITDA.

Adjusted EBITDA per share EBITDA divided by the volume-weighted average number of shares outstanding in the period after dilution.

Items affecting comparability Non-recurring items such as capital gains or losses, impairment losses, IPO costs, acquisition costs, integration costs and restructuring costs.

Net margin Profit or loss for the period as a percentage of net sales.

Net debt Interest-bearing liabilities less cash and cash equivalents.

Organic growth Change in net sales excluding the contributions of acquired entities to net sales as a percentage of net sales in the comparison period.

Basic/diluted earnings per share Profit or loss for the period attributable to parent company shareholders divided by the volume-weighted average number of shares outstanding before/after dilution.

Interest-bearing liabilities Bank loans and financial lease liabilities.

Interest coverage ratio EBIT plus interest income divided by interest expenses.

EBIT Profit or loss for the period before financial income, financial expenses and tax.

EBITDA Profit or loss for the period before financial income, financial expenses, tax and amortisation and depreciation of property, plant and equipment and intangible assets.

Equity/assets ratio Equity as a percentage of total assets.

Debt/equity ratio Net debt divided by Adjusted EBITDA.

Operational performance measures

Percentage women The average number of women as a percentage of the average total number of employees during the period, restated as full-time equivalents.

Average number of employees Average number of employees during the period restated as full-time equivalents.

Brokered capital Capital brokered by Tessin from investors to real estate developers.

Tessin Nordic AB (publ)
Company reg. no.: 556965-9187

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TESSIN

Annual Report 2020
Tessin Nordic AB (publ)
556965-9187

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