Deloitte.

Valitor A/S
Gyngemose Parkvej 50
2860 Søborg
Business Registration No
31872596

Annual report 2018

The Annual General Meeting adopted the annual report on 24.05.2019

Chairman of the General Meeting

Name: Peter Mollerup

Contents

Entity details

Entity
Valitor A/S
Gyngemose Parkvej 50
2860 Søborg

Central Business Registration No (CVR): 31872596
Registered in: Gladsaxe
Financial year: 01.01.2018 - 31.12.2018

Board of Directors
Guðmundur Thorbjörnsson, Chairman
Roger Keith Alexander
Jónína Sigrún Lárusdóttir
Stefán Pétursson
Kerstin Synnöve Maria Trygg

Executive Board
Vidar Thorkelsson

Auditors
Deloitt Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Valitor A/S for the financial year 01.01.2018 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Søborg, 24.05.2019

Executive Board

Vidar Thorkelsson

Board of Directors

Guðmundur Thorbjörnsson
Chairman

Roger Keith Alexander

Jónína Sigrún Lárusdóttir

Stefán Pétursson

Kerstin Synnöve Maria Trygg

Independent auditor's report

To the shareholder of Valitor A/S

Opinion

We have audited the financial statements of Valitor A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 where it appears that the Company has a negative equity and a material payables to group enterprises year-end 2018. Management has presented the financial statements on a going concern basis, because Management expects positive result for the coming years and because the ultimate mother company (Valitor hf) will support the company with liquidity is considered necessary. This information has not resulted in a modification of our conclusion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

Independent auditor's report

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 24.05.2019

Deloitt

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Michael Thorø Larsen
State Authorised Public Accountant
Identification No (MNE) mne35823

Management commentary

Primary activities

Valitor A/S (Valitor) is a wholly owned subsidiary of Valitor Holding hf., an international payment solutio ns company. Valitor is the centre of excellence for omni-channel solutions, one of three business units w ithin the Valitor group. Valitor's mission is to make buying and selling easy by providing one fully integra ted and acquiring agnostic, payment solution that includes tokenisation, reconciliation, reporting and the same payment methods across all sales channels and all geographies.

While Valitor is the centre of excellence for omni-channel activities, it draws upon resources from other offices within the Valitor group, including a team in Windsor, UK, and a team from the headquarters in Iceland.

Valitor builds trusted partnerships with European merchants, which in turn enables it to focus on providing a better customer experience. Valitor provides a single platform for omni-channel sales, which scales with the merchant's business and customer needs. This helps merchants attract and retain customers, whilst saving money.

Development in activities and finances

Net loss on the Company's operation during the year amounted to 18.796 DKK thousand according to the income statement. The Company's negative equity at year end amounted to 11.632 DKK thousand according to the balance sheet.

The Company invested in developing the future business platform in 2018, and Management expects a positive result for 2019.

The ultimate mother company (Valitor Holding hf) has furthermore expressed to support Valitor A/S with liquidity if considered necessary.

Market growing rapidly

The market for omni-channel payment solutions is growing at an accelerated rate, and consumers are constantly being presented with new payment methods – in physical stores, on mobile devices and in online stores. For retailers, it can be a challenge to meet the ever-changing consumer expectations towards a seamless and easy payment experience. Consumers do not care about technology or integration challenges; they just want a simple process - to buy and return goods across any channel, anywhere and at any time. That is possible with Valitor. Valitor provides a full omni-channel payment solution that benefits the consumer as well as the individual retailer. With Valitor one only needs one platform to streamline sales, payments and return systems. Valitor removes transaction friction and reduces operational overheads.

By the end of 2018, Valitor was operating in the US and some 28 European countries with a fully integrated solution. For a retailer operating both online and in physical stores, this means they can reap the cost and time savings from only having to integrate once. From there, they can expand freely and smoothly.

Management commentary

Investments in product development

During 2018, Valitor invested heavily in the company's unique omni-channel payment solution. The platform was formally released in the autumn of 2018. This was also a year of organisational transition where sales and marketing efforts were transitioned from a focus on medium to larger eCommerce merchants over to large pan-European omni-channel retailers. During the second half of the year preparations were also ongoing to use the brand of Valitor, which was executed on January 1st 2019.

In light of everything that was going on during 2018 it is satisfying that Valitor achieved a revenue of DKK 36.8m in 2018, which is only a small decrease compared to 2018. Valitor is however entering 2019 with a unique product and a strong pipeline and expects to re-embark on its growth journey in 2019.

The investments during 2018 have been financed by Valitor's parent, which is accounted for as intercompany debt in the annual accounts. As a consequence, the equity of the company is negative at the year end. The intercompany debt is expected to be converted into equity in 2019, thereby restoring the positive equity of the company and leaving the company in a strong position for 2019 and onwards.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	Notes	2018 DKK	2017 DKK
Revenue		36.847.568	41.046.255
Cost of sales		(3.786.029)	(2.536.923)
Other external expenses		(25.498.369)	(14.024.996)
Gross profit/loss		**7.563.170**	**24.484.336**
Staff costs	2	(23.597.953)	(17.774.506)
Depreciation, amortisation and impairment losses	3	(3.056.521)	(3.901.314)
Operating profit/loss		**(19.091.304)**	**2.808.516**
Other financial income	4	48.123	845
Other financial expenses	5	(332.643)	(358.482)
Profit/loss before tax		**(19.375.824)**	**2.450.879**
Tax on profit/loss for the year	6	580.040	(597.000)
Profit/loss for the year		**(18.795.784)**	**1.853.879**
Proposed distribution of profit/loss			
Retained earnings		(18.795.784)	1.853.879
		(18.795.784)	**1.853.879**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Completed development projects		25.209.779	1.991.452
Development projects in progress		0	11.348.643
Intangible assets	7	**25.209.779**	**13.340.095**
Other fixtures and fittings, tools and equipment		981.110	1.160.718
Property, plant and equipment	8	**981.110**	**1.160.718**
Investments in group enterprises		154.000	154.000
Deposits		831.183	901.559
Fixed asset investments	9	**985.183**	**1.055.559**
Fixed assets		**27.176.072**	**15.556.372**
Trade receivables		6.285.171	6.591.000
Receivables from group enterprises		608.393	1.942.957
Deferred tax		1.082.241	502.000
Other receivables		403.904	156.000
Prepayments		202.183	138.000
Receivables		**8.581.892**	**9.329.957**
Cash		**1.266.649**	**4.707.874**
Current assets		**9.848.541**	**14.037.831**
Assets		**37.024.613**	**29.594.203**

Balance sheet at 31.12.2018

	Notes	2018 DKK	2017 DKK
Contributed capital		1.036.933	1.036.933
Reserve for development expenditure		19.142.963	10.404.510
Retained earnings		(31.811.872)	(4.277.635)
Equity		**(11.631.976)**	**7.163.808**
Payables to group enterprises		4.044.494	3.850.817
Non-current liabilities other than provisions		**4.044.494**	**3.850.817**
Trade payables		2.824.805	1.318.178
Payables to group enterprises		29.818.560	0
Other payables		11.968.730	17.261.400
Current liabilities other than provisions		**44.612.095**	**18.579.578**
Liabilities other than provisions		**48.656.589**	**22.430.395**
Equity and liabilities		**37.024.613**	**29.594.203**
Going concern	1		
Unrecognised rental and lease commitments	10		
Assets charged and collateral	11		

Statement of changes in equity for 2018

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1.036.933	10.404.510	(4.277.635)	7.163.808
Transfer to reserves	0	10.719.049	(10.719.049)	0
Profit/loss for the year	0	(1.980.596)	(16.815.188)	(18.795.784)
Equity end of year	**1.036.933**	**19.142.963**	**(31.811.872)**	**(11.631.976)**

Notes

1. Going concern

Net loss on the Company's operation during the year amounted to 18.796 DKK thousand according to the income statement. The Company's negative equity at year end amounted to 11.632 DKK thousand accor ding to the balance sheet.

The Company invested in developing the future business platform in 2018, and Management expects a positive result for 2019.

The ultimate mother company (Valitor Holding hf.) has furthermore expressed to support Valitor A/S with liquidity if considered necessary.

	2018 DKK	2017 DKK
2. Staff costs		
Wages and salaries	20.930.145	15.864.102
Pension costs	2.247.701	1.647.796
Other social security costs	420.107	262.608
	23.597.953	**17.774.506**
Average number of employees	**47**	**41**

	2018 DKK	2017 DKK
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	2.539.226	3.618.995
Depreciation of property, plant and equipment	517.295	282.319
	3.056.521	**3.901.314**

	2018 DKK	2017 DKK
4. Other financial income		
Other interest income	625	845
Exchange rate adjustments	47.498	0
	48.123	**845**

Notes

	2018 DKK	2017 DKK
5. Other financial expenses		
Financial expenses from group enterprises	311.574	185.000
Other interest expenses	13.976	53.000
Exchange rate adjustments	5.194	110.000
Other financial expenses	1.899	10.482
	332.643	**358.482**

	2018 DKK	2017 DKK
6. Tax on profit/loss for the year		
Change in deferred tax	(1.038.040)	597.000
Adjustment concerning previous years	458.000	0
	(580.040)	**597.000**

	Completed development projects DKK	Development projects in progress DKK
7. Intangible assets		
Cost beginning of year	16.915.114	11.348.643
Transfers	11.348.643	(11.348.643)
Additions	14.408.910	0
Cost end of year	**42.672.667**	**0**
Amortisation and impairment losses beginning of year	(14.923.662)	0
Amortisation for the year	(2.539.226)	0
Amortisation and impairment losses end of year	**(17.462.888)**	**0**
Carrying amount end of year	**25.209.779**	**0**

Notes

	Other fixtures and fittings, tools and equipment DKK
8. Property, plant and equipment	
Cost beginning of year	1.980.478
Additions	337.687
Cost end of year	**2.318.165**
Depreciation and impairment losses beginning of year	(819.760)
Depreciation for the year	(517.295)
Depreciation and impairment losses end of year	**(1.337.055)**
Carrying amount end of year	**981.110**

	Invest-ments in group enterprises DKK	Deposits DKK
9. Fixed asset investments		
Cost beginning of year	154.000	901.559
Additions	0	12.499
Disposals	0	(82.875)
Cost end of year	**154.000**	**831.183**
Carrying amount end of year	**154.000**	**831.183**

	2018 DKK	2017 DKK
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	**1.412.975**	**1.412.975**

11. Assets charged and collateral
The Company has no assets charged and collateral per 31.12.2018.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs directly linked to revenue.

Accounting policies

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income
Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with its Parent and all the Parent's other Danish subsidiaries. The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet
Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in

Accounting policies

question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3-5 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Development projects are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3 years

Investments in group enterprises
Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.