Clearhaus A/S

Annual Report

2016

1 January 2016 - 31 December 2016

Clearhaus A/S · P.O. Pedersens Vej 14 · DK-8200 · Aarhus N

The annual report has been presented and approved on the company's general meeting the

Chairman of general meeting:

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AUDITOR:

BDO Statsautoriseret revisionsaktieselskab
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Statement by Management

Today, the board of directors and the executive board have discussed and approved the annual report from Clearhaus A/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the Financial Statements give a true and fair view on both the financial position of Clearhaus A/S on 31st December 2016, and on the results of the company's operations for the financial year 1 January - 31 December 2016.

In our opinion, the Management's Review provides a fair assessment of the matters dealt with in their report.

We recommend that the annual report is adopted at the annual general meeting.

Aarhus, the 17/03/2017

MANAGEMENT:

Claus Methmann Christensen

BOARD OF DIRECTORS:

Søren Soltveit

Claus Methmann Christensen

Anders Gautier Christensen

The independent auditor's report on financial statements

To the shareholders of CLEARHAUS A/S

Opinion

We have audited the Financial Statements of Clearhaus A/S, for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in agreement with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view on the financial position of Clearhaus on 31st December 2016, as well as on the results of the company's operations for the financial year 1 January - 31 December 2016.

Basis for opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISAs), as well as in compliance with the legal requirements set in Denmark. Our responsibilities, and the requirements, are further described in the part of our report called "Auditor's Responsibilities for the Audit of the Financial Statements". In accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)" and the legislation in Denmark, we are independent from the company, and have fulfilled our ethical responsibilities in agreement with these requirements.

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements

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

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

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

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

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

Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

Management is responsible for the Management's Review.

Our opinion on the Financial Statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

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

Randers, 17/03/2017

Søren Rasborg

State Authorised Public Accountant

BDO Statsautoriseret revisionsaktieselskab

2016

Management's Review

Management's Review

Main activities

Clearhaus A/S' main activity is to act as an acquirer in online transactions.

Uncertainties regarding recognition and measurement

The main uncertainty, regarding recognition and measurement, is related to the valuation of the intangible assets. It is, however, the management's assessment that the uncertainties for 2016 is on an acceptable level.

Unusual matters

The financial statements for 2016 have not been affected by unusual matters or situations.

Development in activities and economic conditions

In 2016 Clearhaus A/S made a profit of T.EUR 491. The Management considers this satisfactory, taking into consideration that Clearhaus A/S is still developing and this was the first full year of business.

Expected development

It is expected that Clearhaus A/S will continue growing and that this consequently will generate further profit.

Events following the financial year end

No events have occurred after the balance sheet date, which could significantly affect the company's financial position.

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class B. Accounting policies are changed from previous period.

The annual report from Clearhaus A/S, for the year 2016, is prepared in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B. Despite the fact that the annual report is not written in Danish this year, it is produced in agreement with the accounting policies previously used.

General information on recognition and measurement

In the income statement, income is recognised when earned and includes value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and write-downs, are recognised in the income statement as well.

Assets are recognised in the balance sheet when it is likely that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will flow from the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the specific item.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant effective interest, is recognised throughout the term. Amortised cost is stated at initial cost with deduction of any addition or deduction of the accumulated amortisation on the difference between cost and nominal amount.

The recognition and measurement take into account, the predictable losses and risks before the year-end reporting, that could prove or disprove matters existing on the balance sheet date.

The carrying value of intangible and tangible fixed assets is reviewed annually, in order to determine if there is any indication of impairment, in an excess amount of what would be considered normal amortisation or depreciation. If this is the case, a write-down should be made to the lower recoverable amount.

Conversion of foreign currencies

Transactions in foreign currencies are converted at the rate of exchange at the date of the transaction. The difference between the exchange rate on the transaction date and the rate on the payment date, is recognised in the income statement as a financial income or an expense. If foreign exchange positions are considered to hedge future cash flows, the exchange adjustments are recognised directly in the equity.

Receivables, liabilities and other monetary items in foreign currencies that are not settled by the balance sheet date are converted at the exchange rate of this day. The difference between the exchange rate on the balance sheet date, and the exchange rate at the time of the occurring receivable or liability, is recognised in the income statement as financial income or expense.

Fixed assets acquired in foreign currencies are converted at the rate of exchange on the transaction date.

Income statement

In accordance with the Danish Financial Statements Act §32, the company's revenue is not stated in this report.

GROSS PROFIT

Gross profit comprise net revenue, cost of sales and other external costs.

Net revenue from sales is recognised in the income statement, if the supply and risk transfer to the buyer, has taken place before the end of the year. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Cost of Sales is the accumulated total of all costs directly related to the company's daily operation as an acquirer. This represents mainly processing fees from card schemes and other services.

Other external expenses include expenses on sales, facilities, administration and bad debts etc.

STAFF COSTS

Staff costs comprise wages and salaries, including holiday pay, pension contributions, and other costs to social security for the company's employees. Repayments from public authorities are deducted from staff costs.

DEPRECIATION, AMORTISATION & IMPAIRMENT LOSSES

Depreciation, Amortisation & Impairment losses includes this years depreciations and write-downs, as well as the profit or loss from sold intangible- and tangible fixed assets.

FINANCIAL ENTRIES

Financial income and expenses include: interest income and expenses, realised and unrealised capital gains and losses from investing in financial assets, debt, transactions in foreign currencies, and charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts relevant to the financial year.

Dividends from investments are recognised in the financial year where the dividend is declared.

Interests and other costs on loans for financing the production of intangible- and tangible fixed assets, that is related to the production period, is not included in at cost.

TAX

The tax for the year consists of the current tax and the deferred tax, and is recognised in the income statement, by the portion that may be attributed to the profit for the year, and in the equity, by the portion that may be attributed to entries directly to the equity.

The company is taxed jointly with consolidated danish companies. The present danish income tax is divided between the jointly taxed companies according to their taxable income for the year. The jointly taxed companies is part of the tax-on-account scheme.

Balance

Intangible fixed assets

DEVELOPMENT PROJECTS, PATENTS OG LICENCES

Development costs includes salary and wages along with depreciations, that directly or indirectly can be attributed to the development activities of the company and that meets the criteria of recognition.

The capitalised development are measured at cost with the deduction of accumulated amortisation or the recoverable amount.

The capitalised development costs are undergoing straight-line depreciations, on the basis of the assessment, of the expected useful lives of the assets. The depreciation period is 5 years. When viewing the capitalised development costs, it should be considered that the developed systems are the main core of the company. Replacement of the core systems is associated with major costs, and is not expected to happen within 5 years of the implementation of the systems.

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at cost with the deduction of accumulated depreciation and write-downs. The depreciation base is at cost with the deduction of the estimated residual value after end of useful life.

The cost includes the acquisition price, as well as the costs incurred directly in connection with the acquisition till the time when the asset is ready to be used. Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful Life	Residual Value
Other plants, fixtures and equipment	3-5 Years	0%

Minor assets, with an expected useful life of less than one year, are included in the income statement, at cost, in the year of the purchase.

Profit or loss on disposal of tangible fixed assets is calculated as the difference between the sales price, deducted the selling costs and the carrying amount at the time of sale. Profit or loss is recognised as depreciation in the income statement as other operating income or as other operating expenses.

Fixed asset investments

Investments in financial assets include investments that are expected to be held to maturity and are measured at amortised cost.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

RECEIVABLES

Receivables are measured at amortised cost, which usually corresponds with nominal value. The value is reduced by write-down to meet expected losses.

SECURITIES AND INVESTMENTS

Securities recognised as current assets comprise public quoted bonds, shares, and other current investments that are measured at market fair value on the balance sheet date. Public quoted securities are measured at quoted price. Non-quoted securities are measured at sale value based on the computed net present value.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of money deposited in financial institutions and in cash holdings.

ACCRUED ASSETS

Accruals, recognised as assets, include costs incurred relating to the subsequent financial year.

TAX PAYABLE AND DEFERRED TAX

Current tax receivables and liabilities are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted by the tax on the taxable income for previous years and by the taxes paid on account.

Deferred tax is measured by the temporary differences between the carrying amount and the tax value of the assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected realisable value of the asset either by set-off against tax on future revenues or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax- rules and rates that should be applied under existing laws, when the deferred tax is expected to crystallise as current tax.

Any changes in deferred tax, resulting from changes in tax rates, is recognised in the income statement except from items recognised directly in equity.

LIABILITIES

Liabilities including debt for suppliers, merchants, affiliated and associated companies are measured at amortised cost equal to nominal value.

Merchant creditors consists primarily of the company's liability to merchants for transactions that have been processed but not yet settled. Certain settlement terms towards merchants exceed settlement terms towards the remittance from card scheme/banks, thus creating negative working capital.

Income statement

	Disclosure	2016 (EUR)	2015 (EUR)
Gross Result		**1,587,378**	**-697,575**
Employee expense	1	-935,949	-213,691
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-178,927	-95,770
Profit (loss) from ordinary operating activities		**472,502**	**-1,007,036**
Income from other investments and receivables that are fixed assets	2	141,963	0
Other finance income	3	136,364	984,200
Other finance expenses	4	-120,096	-56,394
Profit (loss) from ordinary activities before tax		**630,733**	**-79,230**
Tax expense	5	-139,533	17,007
Profit (loss)		**491,200**	**-62,223**
Proposed distribution of results			
Other statutory reserves		357,000	0
Retained earnings		134,200	-62,223

Balance Sheet - Assets

	Disclosure	2016 (EUR)	2015 (EUR)
Acquired intangible assets		267,111	313,589
Development projects in progress and prepayments for intangible assets		810,939	583,311
Intangible assets		**1,078,050**	**896,900**
Fixtures, fittings, tools and equipment		13,685	10,080
Property, plant and equipment		**13,685**	**10,080**
Other investments		265,697	0
Other receivables		2,083,114	199,751
Deposits		35,773	22,368
Investments		**2,384,584**	**222,119**
Total non-current assets		**3,476,319**	**1,129,099**
Receivables from group enterprises		3,629	868
Current deferred tax assets		73,897	213,430
Other receivables		198,702	143,379
Deferred income assets		112,618	0
Receivables		**388,846**	**357,677**
Other investments		0	1,529,939
Investments		**0**	**1,529,939**
Cash and cash equivalents		**4,830,897**	**2,235,745**
Current assets		**5,219,743**	**4,123,361**
Total assets		**8,696,062**	**5,252,460**

Balance Sheet - Liabilities and Equity

	Disclosure	2016 (EUR)	2015 (EUR)
Contributed capital	6	440,000	440,000
Other reserves		357,000	0
Retained earnings		2,089,787	1,955,587
Total equity		**2,886,787**	**2,395,587**
Other payables, including tax payables, liabilities other than provisions		0	377,960
Long-term liabilities other than provisions, gross	**7**	**0**	**377,960**
Debt to other credit institutions		378,000	0
Trade payables		347,854	180,089
Payables to group enterprises		490,502	236,413
Other payables, including tax payables, liabilities other than provisions		4,592,919	2,062,411
Short-term liabilities other than provisions, gross		**5,809,275**	**2,478,913**
Liabilities other than provisions, gross		**5,809,275**	**2,856,873**
Liabilities and equity, gross		**8,696,062**	**5,252,460**

Disclosures

1. Employee expense

	2016 (EUR)	2015 (EUR)
Salary	1,095,210	384,887
Other staff costs	197,739	88.577
Capitalized development costs	-357,000	-259,773
	935,949	**213,691**
	2016	**2015**
Average number of employees	15	7

2. Income from other investments and receivables that are fixed assets

	2016 (EUR)	2015 (EUR)
Dividends	385	0
Value adjustment	79,595	0
Capital gain	61,983	0
	141,963	**0**

3. Other finance income

	2016 (EUR)	2015 (EUR)
Value adjustments, stocks as current asset	0	904,803
Exchange Rate adjustments	134,238	78,838
Other financial income	2,126	559
	136,364	**984,200**

4. Other finance expenses

	2016 (EUR)	2015 (EUR)
Interests, affiliated companies	7,060	1,890
Interests, affiliated companies	113,036	54,504
	120,096	**56.394**

5. Tax expense

	2016 (EUR)	2015 (EUR)
Tax for the year	0	0
Change in deferred tax	139,533	-17,007
	139,533	**-17,007**

6. Contributed Capital

The share capital consists of 440.000 shares at 1 Euro. The shares are not divided into categories.

Changes in the share capital during the last 5 financial years.

	EUR
Share capital at the founding	132.000
Capital increase 15.06.2011	132.000
Capital increase 05.11.2013	37.507
Capital increase 09.04.2014	41.795
Capital increase 19.12.2014	44.000
Capital increase 29.05.2015	13.200
Capital increase 30.12.2015	39.498
Share capital at the end of year	**440.000**

7. Long-term liabilities other than provisions, gross

	Total debt at end of year (EUR)	Repayment next year (EUR)	Long-term part of debt (EUR)	Unpaid debt after 5 years (EUR)
Other Debts	378.000	378.000	0	0
	378.000	**378.000**	**0**	**0**

8. Disclosure of contingent liabilities

The Company is currently part of a trial from a former partner who has claimed T.EUR 43 in compensation because of lost revenue when Clearhaus closed their accounts. It is the managements opinion that the trial will be won.

The Company has joint and several liability with the parent company Clearhaus Holding for tax of the groups total taxable income.

9. Disclosure of mortgages and collaterals

The Company does not have any pawnings or garantees despite what is already recognised in the financial statement.

10. Information on specific prerequisites regarding development projects and tax assets

Development costs are the expenses attributed to the ongoing improvements of the existing systems as well as the development of new ones.

The development costs are capitalised based on the expectation that the developed systems will contribute to the continued growth of the company.

The systems will provide the merchants with a higher level of service and further streamline the work processes in the company.

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