Clearhaus A/S

Annual Report

2018

1 January 2018 - 31 December 2018

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

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

Chairman of general meeting:

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CVR-nr: 33749996

AUDITOR:

BDO Statsautoriseret revisionsaktieselskab
Thors Bakke 4, 2

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DK Danmark

CVR-nr: 20222670

P-number: 1018339273

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 2018.

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 2018, and on the results of the company's operations for the financial year 1 January - 31 December 2018.

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, 29 March 2019

MANAGEMENT:

Claus Methmann Christensen

BOARD OF DIRECTORS:

Søren Soltveit

Claus Methmann Christensen

Thomas Jensen

Independent auditor's report

Opinion

We have audited the Financial Statements of Clearhaus A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company operations for the financial year 1 January - 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Randers, 29 March 2018

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Søren Rasborg

State Authorised Public Accountant
MNE no. 27742

2018

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 2018 are at an acceptable level.

Unusual matters

2018 has been affected by some unusual matters mostly in the beginning of the year, which have had an impact on the financial result for the year. These events have been handled and are not expected to affect 2019.

Development in activities and economic conditions

In 2018 Clearhaus A/S made a profit of EUR 198K. Clearhaus A/S has significantly increased its cost base in preparation for further growth. In light of this, the Management considers the result to be satisfactory.

Expected development

It is expected that Clearhaus A/S will regain the growth in 2019.

Events following the financial year end

No events have occurred after the balance sheet date, that could potentially affect the company's financial position in a significant way.

Accounting Policies

The Annual Report of Clearhaus A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

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 comprises 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 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 and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

DEPRECIATION, AMORTISATION & IMPAIRMENT LOSSES

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

FINANCIAL INCOME AND EXPENSES

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

TAX

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

Balance

Intangible fixed assets

DEVELOPMENT PROJECTS, PATENTS OR LICENSES

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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%

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

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

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 to nominal value. The value is reduced by impairment losses 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 consist 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 liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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

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

LIABILITIES

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan

Amortised cost of current liabilities usually corresponds to nominal value.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

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

Income statement

	Disclosure	2018 (EUR)	2017 (EUR)
Gross Result		**3,107,933**	**3,886,701**
Employee expenses	1	-2,464,093	-1,396,227
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets		-311,597	-232,453
Profit (loss) from ordinary operating activities		**332,243**	**2,258,021**
Income from other investments and receivables that are fixed assets	2	76,393	66,618
Other finance income	3	683,868	792,712
Impairment of asset investment		-132,783	0
Other finance expenses	4	-706,336	-1,135,348
Profit (loss) from ordinary activities before tax		**253,385**	**1,982,003**
Tax on profit/loss	5	-55,765	-443,874
Profit (loss)		**197,620**	**1,538,129**
Proposed distribution of results			
Other statutory reserves		604,000	341,000
Retained earnings		-406,380	1,197,129
Proposed distribution of profit (loss)		**197,620**	**1,538,129**

Balance Sheet - Assets

	Disclosure	2018 (EUR)	2017 (EUR)
Acquired intangible assets		218,967	243,039
Development projects in progress and prepayments for intangible assets		547,452	951,155
Finished development projects		738,723	0
Intangible assets		**1,505,142**	**1,194,194**
Fixtures, fittings, tools and equipment		48,537	16,309
Property, plant and equipment		**48,537**	**16,309**
Other investments		419,840	344,876
Receivables from group enterprises		0	1,679,002
Other receivables		2,329,102	2,331,329
Deposits		22,368	35,773
Investments		**2,771,310**	**4,390,980**
Total non-current assets		**4,324,989**	**5,601,483**
Receivables from group enterprises		1,118,704	100,208
Other receivables		132,882	265,276
Deferred income assets		141,958	107,583
Receivables		**1,393,544**	**473,067**
Cash and cash equivalents		**18,694,824**	**23,116,283**
Current assets		**20,088,368**	**23,589,350**
Total assets		**24,413,357**	**29,190,833**

Balance Sheet - Liabilities and Equity

	Disclosure	2018 (EUR)	2017 (EUR)
Contributed capital	6	440,000	440,000
Reserves for development projects		1,091,000	626,600
Retained earnings		3,091,537	3,358,317
Total equity		**4,622,537**	**4,424,917**
Provisions for deferred tax		258,581	219,750
Provisions, gross		**258,581**	**219,750**
Debt to other credit institutions		0	378,000
Trade payables		1,101,243	560,104
Payables to group enterprises		0	0
Tax Payables		16,934	150,227
Other payables, including tax payables, liabilities other than provisions		18,414,062	23,457,835
Short-term liabilities other than provisions, gross		**19,532,239**	**24,546,166**
Liabilities other than provisions, gross		**19,532,239**	**24,546,166**
Liabilities and equity, gross		**24,413,357**	**29,190,833**

	Disclosure
Information on specific prerequisites regarding development projects and tax assets	8

Disclosures

1. Employee expense

	2018 (EUR)	2016 (EUR)
Salary	2,318,483	1,394,787
Other costs for social security	154,166	84,353
Other staff costs	595,444	258,087
Capitalized development costs	-604,000	-341,000
	2,464,093	**1,396,227**
	2018	**2017**
Average number of employees	36	23

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

	2018 (EUR)	2017 (EUR)
Dividends	1,428	1,092
Value adjustment	74,965	65,526
	76,393	**66,618**

3. Other finance income

	2018 (EUR)	2017 (EUR)
Exchange Rate adjustments	604,541	770,248
Interests, affiliated companies	58,653	32
Other financial income	20,674	22,432
	683,868	**792,712**

4. Other finance expenses

	2018 (EUR)	2017 (EUR)
Interests, affiliated companies	892	0
Exchange rate adjustments, expense	686,960	1,103,166
Other financial expenses	18,484	32,182
	706,336	**1,135,348**

5. Tax expense

	2018 (EUR)	2017 (EUR)
Current tax	16,934	150,227
Change in deferred tax	38,831	293,647
	55,765	**443,874**

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:

	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**

8. 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.

9. Disclosure of contingent assets

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

10. Disclosure of mortgages and collaterals

Clearhaus has deposited EUR 2,329K at dedicated accounts at VISA and Mastercard as a collateral for any risk VISA and Mastercard may have.

Despite from the above, the company does not have any other pawnings or guarantees other than what is already recognized in the financial statement.

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