Debitoor ApS

Debitoor International ApS
Ewaldsgade 3, 1. sal, 2200 København N

CVR no. 36 73 00 99

Annual report 2018

Approved at the Company's annual general meeting on 26 June 2019

Chairman:

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Alessandro Justesen Leoni

Building a better working world

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Debitoor ApS for the financial year 1 January - 31 December 2018.

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

In my 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's operations for the financial year 1 January - 31 December 2018.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 26 June 2019
Executive Board:

Alessandro Justesen Leoni

Independent auditor's report

To the shareholders of Debitoor ApS

Opinion

We have audited the financial statements of Debitoor ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2018 and of the results of the Company's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

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 as to 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 the 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.

Independent auditor's report

- 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Report on other legal and regulatory requirements

Non-compliance with Danish VAT legislation

The Company has failed to submit VAT statements to the Danish customs and Tax Administration within the observed deadlines, thus breaching Danish VAT legislation, and Management may incur liability in this respect.

Non-compliance with the provisions of Danish Financial Statements Act regarding submission of annual reports

The Company has not observed the deadline for submission of the annual report for 2018. Management may incur liability in this respect.

Odense, 26 June 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
mne31450

Management's review

Company details

Name	Debitoor ApS
Address, Postal code, City	Debitoor International ApS Ewaldsgade 3, 1. sal, 2200 København N
CVR no.	36 73 00 99
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Alessandro Justesen Leoni
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark

Management's review

Business review

The Company's principal activities consist of an easy-to-use online accounting and invoicing programme specifically developed for small enterprises.

Financial review

The income statement for 2018 shows a loss of DKK 2,470,439 against a loss of DKK 17,294,023 last year, and the balance sheet at 31 December 2018 shows equity of DKK 1,975,404.

Management considers the Company's financial performance in the year satisfactory. The company has made substantial progress towards achieving profitability.

In order to ensure business continuity, the company has obtained a letter of comfort from SumUp Holdings S.a.r.l., covering at least 24 months after the financial year-end, stating that adequate financial support will be provided if nessesary. We refer to Note 2, where the issue is described.

Events after the balance sheet date

No significant events have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross profit/loss	6,601,477	-1,163,184
3	Staff costs	-8,651,298	-11,389,301
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-285,976	-28,330
	Other operating expenses	0	-4,629,835
	Profit/loss before net financials	-2,335,797	-17,210,650
	Financial income	282,450	0
4	Financial expenses	-438,257	-83,373
	Profit/loss before tax	-2,491,604	-17,294,023
	Tax for the year	21,165	0
	Profit/loss for the year	-2,470,439	-17,294,023
	Recommended appropriation of profit/loss		
	Reserve for development costs	2,763,120	0
	Retained earnings/accumulated loss	-5,233,559	-17,294,023
		-2,470,439	-17,294,023

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	3,542,462	0
		3,542,462	0
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	168,939	106,451
		168,939	106,451
7	Investments		
	Investments in group entities	76,028	38,691
		76,028	38,691
	Total fixed assets	3,787,429	145,142
	Non-fixed assets		
	Receivables		
	Trade receivables	15,048	10,751
	Receivables from group entities	2,184,073	5,873,772
	Income taxes receivable	746,000	0
	Other receivables	32,998	155,141
	Prepayments	373,034	310,008
		3,351,153	6,349,672
	Cash	493,743	771,024
	Total non-fixed assets	3,844,896	7,120,696
	TOTAL ASSETS	7,632,325	7,265,838

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	50,321	50,321
	Share premium account	7,447,499	7,447,499
	Reserve for development costs	2,763,120	0
	Retained earnings	-8,285,536	-3,051,977
	Total equity	1,975,404	4,445,843
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	238,814	274,869
	Trade payables	1,043,100	782,846
	Payables to group entities	3,104,187	0
	Income taxes payable	0	21,165
	Other payables	1,270,820	1,741,115
		5,656,921	2,819,995
	Total liabilities other than provisions	5,656,921	2,819,995
	TOTAL EQUITY AND LIABILITIES	7,632,325	7,265,838

1 Accounting policies
2 Going concern uncertainties
9 Contractual obligations and contingencies, etc.
10 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2017	50,321	14,894,998	0	14,572,748	29,518,067
Capital increase	0	-7,447,499	0	0	-7,447,499
Transfer through appropriation of loss	0	0	0	-17,294,023	-17,294,023
Other value adjustments of equity	0	0	0	-330,702	-330,702
Equity at 1 January 2018	50,321	7,447,499	0	-3,051,977	4,445,843
Transfer through appropriation of loss	0	0	2,763,120	-5,233,559	-2,470,439
Equity at 31 December 2018	50,321	7,447,499	2,763,120	-8,285,536	1,975,404

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Debitoor ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit/loss

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Development projects in progress and prepayments for intangible assets	6 years
Other fixtures and fittings, tools and equipment	3 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividends or cover losses. The reserve will be reduced or dissolved if the recognised development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Going concern uncertainties

The Company's budget for 2019 and 2020 shows that financial support is required for the period. In order to ensure business continuity, the company has obtained a letter of comfort from SumUp Holdings S.a.r.l., covering at least 24 months after the financial year-end, stating that adequate financial support will be provided if nessesary.

Management considers the Company as a Going Concern.

	DKK	2018	2017
3	Staff costs		
	Wages/salaries	7,467,734	9,860,618
	Pensions	702,789	883,916
	Other social security costs	0	145,145
	Other staff costs	480,775	499,622
		8,651,298	11,389,301
	Average number of full-time employees	21	22
4	Financial expenses		
	Exchange losses	438,257	83,373
		438,257	83,373

5 Intangible assets

DKK	Completed development projects
Additions in the year	3,762,940
Cost at 31 December 2018	3,762,940
Amortisation/depreciation in the year	220,478
Impairment losses and amortisation at 31 December 2018	220,478
Carrying amount at 31 December 2018	3,542,462

Completed development projects

Development projects comprise of development cost for new technology and products. New technology and products are expected to strengthen the company's market position.

The recognition of the completed development projects has been made on the basis of the sales forecast for 2019-2021, which are to be realised.

Management has not indicated further need for impairment.

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment
Cost at 1 January 2018	154,621
Additions in the year	127,986
Cost at 31 December 2018	282,607
Impairment losses and depreciation at 1 January 2018	48,170
Amortisation/depreciation in the year	65,498
Impairment losses and depreciation at 31 December 2018	113,668
Carrying amount at 31 December 2018	168,939

7 Investments

DKK	Investments in group entities
Cost at 1 January 2018	38,691
Additions in the year	37,337
Cost at 31 December 2018	76,028
Carrying amount at 31 December 2018	76,028

Name	Legal form	Domicile	Interest
Subsidiaries			
Debitoor UK	Ltd.	Reading	100.00%
Debitoor	GmbH	Berlin	100.00%
Debitoor España	S.L.	Madrid	100.00%
Debitoor Ireland	Ltd.	Dublin	100.00%

8 Share capital

Analysis of changes in the share capital over the past 3 years:

DKK	2018	2017	2016
Opening balance	50,321	50,321	50,321
	50,321	50,321	50,321

Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2018	2017
Rent and lease liabilities	418,282	972,463

10 Collateral

As security for the Company's deposit leased premises, the Company has provided security or other collateral in its assets for at total amount of DKK 273 thousand . The total carrying amount of these assets is DKK 273 thousand.