Debitoor ApS

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

CVR no. 36 73 00 99

Annual report 2017

Approved at the Company's annual general meeting on 6 July 2018

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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 6 July 2018
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 2017, 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017. Management may incur liability in this respect.

Odense, 6 July 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid
State Authorised Public Accountant
MNE no.: 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 2017 shows a loss of DKK 17,294,023 against a profit of DKK 22,748,376 last year, and the balance sheet at 31 December 2017 shows equity of DKK 4,445,843.

Management considers the Company's financial performance in the year satisfactory. The company has made substantial progress towards achieving profitability. It has as an objective to be able to cover all expenses before variable marketing costs in the first half of 2018.

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	2017	2016
	Gross margin	-1,163,184	39,345,096
3	Staff costs	-11,389,301	-9,908,206
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-28,330	-14,213
	Other operating expenses	-4,629,835	0
	Profit/loss before net financials	-17,210,650	29,422,677
	Financial income	0	2,555
4	Financial expenses	-83,373	-220,147
	Profit/loss before tax	-17,294,023	29,205,085
5	Tax for the year	0	-6,456,709
	Profit/loss for the year	-17,294,023	22,748,376

	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-17,294,023	22,748,376
		-17,294,023	22,748,376

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	106,451	21,373
		106,451	21,373
7	Investments		
	Investments in group entities	38,691	38,691
		38,691	38,691
	Total fixed assets	145,142	60,064
	Non-fixed assets		
	Receivables		
	Trade receivables	10,751	405,145
	Receivables from group entities	5,873,772	4,206,438
	Other receivables	155,141	682,895
	Prepayments	310,008	364,069
		6,349,672	5,658,547
	Cash	771,024	22,671,042
	Total non-fixed assets	7,120,696	28,329,589
	TOTAL ASSETS	7,265,838	28,389,653

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	50,321	50,321
	Share premium account	7,447,499	7,447,499
	Retained earnings	-3,051,977	14,572,748
	Total equity	4,445,843	22,070,568
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	274,869	191,107
	Trade payables	782,846	1,139,419
	Payables to group entities	0	16,104
	Income taxes payable	21,165	3,710,254
	Other payables	1,741,115	1,262,201
		2,819,995	6,319,085
	Total liabilities other than provisions	2,819,995	6,319,085
	TOTAL EQUITY AND LIABILITIES	7,265,838	28,389,653

1 Accounting policies
2 Going concern uncertainties
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10 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2017	50,321	7,447,499	14,572,748	22,070,568
Transfer through appropriation of loss	0	0	-17,294,023	-17,294,023
Other value adjustments of equity	0	0	-330,702	-330,702
Equity at 31 December 2017	50,321	7,447,499	-3,051,977	4,445,843

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Debitoor ApS for 2017 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

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 margin

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross margin 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.

Depreciation

The item comprises depreciation of property, plant and equipment.

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

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 2018 and 2019 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	2017	2016
3	Staff costs		
	Wages/salaries	9,860,618	8,308,297
	Pensions	883,916	1,076,477
	Other social security costs	145,145	160,371
	Other staff costs	499,622	363,061
		11,389,301	9,908,206
	Average number of full-time employees	22	18
4	Financial expenses		
	Interest expenses, group entities	0	93,554
	Exchange losses	83,373	4,231
	Interest surcharges and tax recognised under net financials	0	122,362
		83,373	220,147
5	Tax for the year		
	Estimated tax charge for the year	0	3,587,892
	Deferred tax adjustments in the year	0	2,868,817
		0	6,456,709

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 2017	41,213
Additions in the year	113,408
Cost at 31 December 2017	154,621
Impairment losses and depreciation at 1 January 2017	19,840
Amortisation/depreciation in the year	28,330
Impairment losses and depreciation at 31 December 2017	48,170
Carrying amount at 31 December 2017	106,451

7 Investments

DKK	Investments in group entities
Cost at 1 January 2017	38,691
Cost at 31 December 2017	38,691
Carrying amount at 31 December 2017	38,691

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

8 Share capital

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

DKK	2017	2016	2015
Opening balance	50,321	50,321	0
Capital increase	0	0	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	2017	2016
Rent and lease liabilities	972,463	1,604,077

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.