

Repay Finance A/S

Vestergade 18 E
1456 København K

CVR no. 36 98 31 08

Annual report for the period 1 January – 31 December 2017

The annual report was presented and approved at the
Company's annual general meeting on

15 March 2018

Christian Hornskov
chairman

Repay Finance A/S
Annual report 2017
CVR no. 36 98 31 08

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Statement by the Board of Directors and the Executive Board

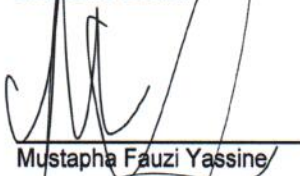
The Board of Directors and the Executive Board have today discussed and approved the annual report of Repay Finance A/S for the financial year 1 January – 31 December 2017.

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 of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.


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

Copenhagen, 15 March 2018
Executive Board:



Mustapha Fauzi Yassine

Board of Directors:



Christian Hornskov
Chairman



Ulrich Metz



Mustapha Fauzi Yassine



Independent auditor's report

To the shareholders of Repay Finance A/S

Opinion

We have audited the financial statements of Repay Finance A/S for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet 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 Company's assets, liabilities and financial position 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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 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.

Copenhagen, 15 March 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

A handwritten signature in black ink that reads 'Mark Palmberg'. The signature is written in a cursive, flowing style.

Mark Palmberg
State Authorised
Public Accountant
MNE no. 34319

Repay Finance A/S
Annual report 2017
CVR no. 36 98 31 08

Company details

Repay Finance A/S
Vestergade 18 E
1456 København K

CVR no.: 36 98 31 08
Registered office: København
Financial year: 1 January – 31 December

Board of Directors

Christian Hornskov, Chairman
Ulrich Metz
Mustapha Fauzi Yassine

Executive Board

Mustapha Fauzi Yassine

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Financial statements 1 January – 31 December

Income statement

DKK	Note	2017	2016/15
Gross profit		10.833.713	2.049.761
Staff costs	3	-2.655.052	-153.379
Depreciation, amortisation and impairment losses		-61.800	-61.800
Operating profit		8.116.861	1.834.582
Financial income		188.273	425
Financial expenses		-3.002.156	-393.773
Profit before tax		5.302.978	1.441.234
Tax on profit/loss for the year	4	-1.168.109	-317.071
Profit for the year		<u>4.134.869</u>	<u>1.124.163</u>
Proposed profit appropriation			
Retained earnings		<u>4.134.869</u>	<u>1.124.163</u>
		<u>4.134.869</u>	<u>1.124.163</u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets	5		
Completed development projects		<u>185.400</u>	<u>247.200</u>
		<u>185.400</u>	<u>247.200</u>
Investments			
Equity investments in group entities	6	1	0
Investments in associates	7	<u>20.000.000</u>	<u>0</u>
		<u>20.000.001</u>	<u>0</u>
Total fixed assets		<u>20.185.401</u>	<u>247.200</u>
Current assets			
Receivables			
Trade receivables		33.345.844	9.076.725
Receivables from group entities		2.522.555	0
Other receivables		<u>935.540</u>	<u>0</u>
		<u>36.803.939</u>	<u>9.076.725</u>
Cash at bank and in hand		<u>19.401.129</u>	<u>1.436.196</u>
Total current assets		<u>56.205.068</u>	<u>10.512.921</u>
TOTAL ASSETS		<u><u>76.390.469</u></u>	<u><u>10.760.121</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
	8		
Contributed capital		588.333	500.000
Share premium		647.775	0
Reserve for development costs		144.612	247.200
Retained earnings		5.114.420	876.963
Total equity		<u>6.495.140</u>	<u>1.624.163</u>
Provisions			
Provisions for deferred tax		40.788	54.384
Total provisions		<u>40.788</u>	<u>54.384</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
	9		
Subordinary loan capital		35.000.000	0
Debt from issuance of Bond loans		32.541.438	8.266.667
		<u>67.541.438</u>	<u>8.266.667</u>
Current liabilities other than provisions			
Other credit institutions, current liabilities		0	200.000
Trade payables		583.475	0
Payables to group entities		0	344.896
Corporation tax		1.444.392	262.687
Other payables		285.236	7.324
		<u>2.313.103</u>	<u>814.907</u>
Total liabilities other than provisions		<u>69.854.541</u>	<u>9.081.574</u>
TOTAL EQUITY AND LIABILITIES		<u>76.390.469</u>	<u>10.760.121</u>
Main activities	2		
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Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Repay Finance A/S for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

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

Income statement

Gross profit

The Company refers to the provisions in section 32 of the Danish Financial Statements Act, under which the Company's revenue is not disclosed.

Revenue

Revenue comprises interest and fees related to loans. Income is accrued over the period to which it relates and is included in the income statement at the amounts relating to the accounting period concerned.

Other external costs

Other expenses comprise expenses for sale, write-down of loan receivables, office premises and administration.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and interest expenses, gains and losses on payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Completed development projects are amortised on a straight-line basis over the estimated useful life, however, not exceeding five years.

Equity investments in group entities

Equity investments in group entities are measured at cost. If cost exceeds the net realisable value, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. Receivables are assessed for objective indication of impairment on a portfolio basis. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Impairment provision is calculated as the difference between the carrying amount of 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 a discount rate.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities comprise bank loans, trade payables and liabilities to group entities. Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value.

2 Main activities

The main activities of the Company include providing credit facilities to private individuals and all related activities.

3 Staff costs

DKK	2017	2016
Wages and salaries	2.589.781	152.811
Other social security costs	39.076	568
Other personnel expenses	26.195	0
	<u>2.655.052</u>	<u>153.379</u>
Average number of full-time employees	<u>7</u>	<u>1</u>

4 Tax on profit/loss for the year

Current tax for the year	1.181.705	262.687
Adjustment of deferred tax for the year	<u>-13.596</u>	<u>54.384</u>
	<u>1.168.109</u>	<u>317.071</u>

Financial statements 1 January – 31 December

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5 Intangible assets

DKK	Completed development projects
Cost at 1 January 2017	309.000
Cost at 31 December 2017	309.000
Amortisation at 1 January 2017	-61.800
Amortisation	-61.800
Amortisation at 31 December 2017	-123.600
Carrying amount at 31 December 2017	185.400

6 Equity investments in group entities

DKK	Equity investments in group entities
Additions	1
Cost at 31 December 2017	1
Impairment losses at 1 January 2017	0
Impairment losses at 31 December 2017	0
Carrying amount at 31 December 2017	1

Name	Registered office	Voting rights and ownership interest
TBL Payments Norway IVS	Copenhagen	100%

Financial statements 1 January – 31 December

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7 Equity investments in associates

DKK	2017	2016
Additions	20.000.000	0
Cost at 31 December	20.000.000	0
Value adjustments at 31 December 2017	0	0
Carrying amount at 31 December	20.000.000	0

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit for the year
			DKK	DKK
Subsidiaries:				
Hornskov Vindberg A/S	Copenhagen	20%	9.308.330	2.680.624
			9.308.330	2.680.624

8 Equity

The share capital consists of 588,333 shares of a nominal value of DKK 1. No shares carry any special rights.

9 Non-current liabilities other than provisions

Subordinated loan capital falls due in 2022 and are subordinated for other liabilities.

10 Related party disclosures

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

11 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the parent company and its Danish affiliated companies. Together with the jointly taxed companies, the Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme. Any subsequent corrections of the taxable jointly taxed income or withholding taxes, etc., may entail an increase in the Company's liability.