

# **Repay Finance A/S**

**Vestergade 18 E, 1456 København K**

**Company reg. no. 36 98 31 08**

## **Annual report**

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 7 February 2020.

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**Christian Hornskov**  
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

## **Management's report**

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The board of directors and the managing director have today presented the annual report of Repay Finance A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 7 February 2020

### **Managing Director**

Mustapha Fauzi Yassine

### **Board of directors**

Morten Schwartz Nielsen  
Chairman

Christian Rützou Hornskov

Mustapha Fauzi Yassine

## **Independent auditor's report**

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### **To the shareholders of Repay Finance A/S**

#### **Opinion**

We have audited the annual accounts of Repay Finance A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter**

Without effecting our opinion, we draw the attention to the significant uncertainty which the management has presented in note 1 regarding the valuation of credit facilities to private individuals and amounts owed by group enterprises.

#### **The management's responsibilities for the annual accounts**

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

## Independent auditor's report

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### Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

## **Independent auditor's report**

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### **Statement on the management's review**

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 7 February 2020

### **Grant Thornton**

State Authorised Public Accountants  
Company reg. no. 34 20 99 36

### **Claus Koskelin**

State Authorised Public Accountant  
mne30140

## Company data

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### **The company**

Repay Finance A/S  
Vestergade 18 E  
1456 København K

Company reg. no. 36 98 31 08  
Established: 1 August 2015  
Domicile: Copenhagen  
Financial year: 1 January - 31 December

### **Board of directors**

Morten Schwartz Nielsen, Chairman  
Christian Rützou Hornskov  
Mustapha Fauzi Yassine

### **Managing Director**

Mustapha Fauzi Yassine

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

### **Parent company**

ACEA Capital A/S

## Management's review

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### The principal activities of the company

The main activities of the Company include providing credit facilities to private individuals and other debtors. As a consequence of a political intervention on the business model activity has decreased in the end of 2019 and the business model in Denmark is under reconsideration.

### Uncertainty regarding valuation of loans

The company's two most significant assets are receivables from group enterprises and credit facilities to private individuals.

Receivables from group entities at the end of the accounting period are valued according to the ability for the lenders to pay back the amounts. As the group entities are without cash as of 31 December 2019, the cash flow estimates are significantly based on the future sale of a newly founded travel refund business and an associated company within artificial intelligence business. Although management has positive expectations to the future cash flow there is inherent and significant risks related to the cash flow estimates which could cause a fully or partly write down of the receivables to group enterprises with a booked value of DKK 121m if assumptions are not fulfilled as expected.

Write-downs on credit facilities to private individuals are estimated based on limited historic data and therefore management assumptions complements the estimates. A majority, 91%, of the credit provided are in default as of 31 December 2019 and the valuation is based on the estimated ability to collect payment through the courts or, preferred, repayment agreements. The main reason for the default amount of 91 % is that management in August 2019 decided to scale down the new lending in the loan business because of an expectation of changing in regulation and a desire for better credit management. Due to already entered marketing agreements, the company in 2019 couldn't have the full effect of the savings on marketing in the Result. Management has made a 45% value reservation but there is an inherent uncertainty in this estimate that could affect the valuation of the credit facilities with a booked value of DKK 88m if assumptions are not met.

### The expected development

The company has lost more than 50% of the share capital. However the company is fully funded in 2020 and repayments from credits to private individuals and group enterprises will cover out of pocket expenses as there is a decrease in the lending activity. On the general meeting management will therefore propose the share capital loss to be regained by future earnings.



## Accounting policies used

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The annual report for Repay Finance A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The annual accounts are presented in Danish kroner (DKK).

### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

## Accounting policies used

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Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

### The profit and loss account

#### Gross profit

The gross profit comprises revenue comprised of interest and fees related to loans, impairment on loans and other external costs in the form of costs for sales, advertisement, administration, premises and operational leasing cost. 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.

Revenue is comprised of interest and fees on credit facilities to private individuals and is recognised, when the income can be determined reliably and is expected to be received.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

#### Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

#### Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to tangible fixed assets respectively.

#### Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

#### Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

## Accounting policies used

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### The balance sheet

#### Financial fixed assets

##### Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

##### Credit facilities to private individuals

Credit facilities to private individuals are measured at amortised cost which usually corresponds to face value.

Write-down is made for bad debt losses. Debtors are assessed on a portfolio basis. The objective indicators used in relation to portfolio losses are determined based on historical loss experience

##### Other debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

##### Available funds

Available funds comprise cash at bank and in hand.

#### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Repay Finance A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

## Accounting policies used

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### Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

## Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Gross profit</b>	<b>13.609.457</b>	<b>23.557.875</b>
2 Staff costs	-7.231.413	-6.765.127
Depreciation and writedown relating to tangible fixed assets	0	-185.400
<b>Operating profit</b>	<b>6.378.044</b>	<b>16.607.348</b>
Other financial income from group enterprises	13.728.947	5.083.251
Other financial costs	-39.451.869	-21.516.153
<b>Results before tax</b>	<b>-19.344.878</b>	<b>174.446</b>
Tax on ordinary results	0	-40.621
<b>Results for the year</b>	<b>-19.344.878</b>	<b>133.825</b>
 <b>Proposed distribution of the results:</b>		
Allocated to results brought forward	0	278.437
Allocated to other statutory reserves	0	-144.612
Allocated from results brought forward	-19.344.878	0
<b>Distribution in total</b>	<b>-19.344.878</b>	<b>133.825</b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Fixed assets</b>		
Equity investments in group enterprises	0	1
Financial fixed assets in total	0	1
<b>Fixed assets in total</b>	<b>0</b>	<b>1</b>
<b>Current assets</b>		
Credit facilities to private individuals	87.980.782	75.887.598
Amounts owed by group enterprises	121.293.377	88.667.268
Receivable corporate tax	842.154	0
Other debtors	158.411	0
Debtors in total	210.274.724	164.554.866
Available funds	766.482	2.173.443
<b>Current assets in total</b>	<b>211.041.206</b>	<b>166.728.309</b>
<b>Assets in total</b>	<b>211.041.206</b>	<b>166.728.310</b>

**Balance sheet 31 December**

All amounts in DKK.

<b>Equity and liabilities</b>			
<u>Note</u>		<u>2019</u>	<u>2018</u>
<b>Equity</b>			
3	Contributed capital	588.333	588.333
	Results brought forward	-16.864.233	2.480.645
	<b>Equity in total</b>	<b>-16.275.900</b>	<b>3.068.978</b>
<b>Liabilities</b>			
	Subordinate Loan	148.148.000	108.148.000
	Other debts	70.000.000	50.000.000
4	Long-term liabilities in total	218.148.000	158.148.000
4	Short-term part of long-term liabilities	6.877.136	4.314.851
	Bank debts	0	62.491
	Trade creditors	1.237.315	7.325
	Debt to group enterprises	662.335	499.542
	Corporate tax	0	245.419
	Other debts	392.320	381.704
	Short-term liabilities in total	9.169.106	5.511.332
	<b>Liabilities in total</b>	<b>227.317.106</b>	<b>163.659.332</b>
	<b>Equity and liabilities in total</b>	<b>211.041.206</b>	<b>166.728.310</b>

**1 Uncertainty regarding valuation of loans****5 Contingencies**

## Notes

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All amounts in DKK.

### 1. Uncertainty regarding valuation of loans

The company's two most significant assets are receivables from group enterprises and credit facilities to private individuals.

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	<u>2019</u>	<u>2018</u>
<b>2. Staff costs</b>		
Salaries and wages	6.878.247	6.487.409
Pension costs	227.182	0
Other costs for social security	125.984	103.801
Other staff costs	<u>0</u>	<u>173.917</u>
	<b><u>7.231.413</u></b>	<b><u>6.765.127</u></b>
Average number of employees	<u>16</u>	<u>14</u>

### 3. Contributed capital

The share capital consists of 588.333 shares of a nominal value of DKK 1. No shares carry any special rights.



## Notes

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All amounts in DKK.

### 4. Liabilities

	<b>Debt in total 31 Dec 2019</b>	<b>Short-term part of long- term liabilities</b>	<b>Long-term debt 31 Dec 2019</b>	<b>Outstanding debt after 5 years</b>
Subordinate Loan	152.820.136	4.672.136	148.148.000	0
Other debts	72.205.000	2.205.000	70.000.000	0
	<b>225.025.136</b>	<b>6.877.136</b>	<b>218.148.000</b>	<b>0</b>

### 5. Contingencies

#### Contingent liabilities

Rental commitments and other liabilities:

The company has entered into a rental contract which the company is bound by until June 30, 2022. The total liability is t.DKK 435.

Leasing liabilities

The company has entered into operational leasing contracts with a total obligation of t.DKK. 884.

#### Joint taxation

ACEA Capital A/S, company reg. no 39146711 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Mustapha Fauzi Yassine

Direktør

Serienummer: PID:9208-2002-2-250822281496

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NEM ID 

## Mustapha Fauzi Yassine

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-250822281496

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2020-02-07 14:06:20Z

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## Christian Rützou Hornskov

Bestyrelsesmedlem

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## Morten Schwartz Nielsen

Bestyrelsesformand

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2020-02-09 15:03:55Z

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## Claus Koskelin

Statsautoriseret revisor

På vegne af: Grant Thornton Statsautoriseret Revisionspartnerselskab

Serienummer: CVR:34209936-RID:33454146

IP: 80.62.xxx.xxx

2020-02-09 16:39:23Z

NEM ID 

## Christian Rützou Hornskov

Dirigent

Serienummer: PID:9208-2002-2-245512984867

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