

**REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
DIGITAL RIVER UK LIMITED**

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for the Year Ended 31 December 2020**

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DIGITAL RIVER UK LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2020

DIRECTOR: Mr Kristopher T Schmidt

SECRETARY: TMF Corporate Administration Services Ltd

REGISTERED OFFICE: 8th Floor
20 Farringdon Street
London
EC4A 4AB

REGISTERED NUMBER: 05788465 (England and Wales)

AUDITORS: Durrants, Chartered Accountants
Chartered Accountants & Statutory Auditor
24 Wellington Business Park
Dukes Ride
Crowthorne
Berkshire
RG45 6LS

**REPORT OF THE DIRECTOR
for the Year Ended 31 December 2020**

The director presents his report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of global e-commerce solutions for software consumer technology.

DIRECTOR

Mr Kristopher T Schmidt held office during the whole of the period from 1 January 2020 to the date of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The director considers that the following to be the principal risk factors that could materially and adversely affect the Company's future operating profits or financial position:

Since the 31st December 2019, the spread of Covid-19 has severely impacted many economies around the world. The recovery from Covid-19 has been uneven globally and is presenting a variety of challenges and risks from economic uncertainty. In some regards the company has benefitted from the pandemic as online shopping accelerated because spending patterns shifted towards consumption at home. However, in addition to this Covid-19 has given rise to a number of challenges such as disrupted supply chains, staff shortages and new hybrid working patterns. The Company endeavours to deliver our services with minimised disruption and to the best of our ability. Above all we will take all necessary steps and precautions to protect the health and well-being of our workforce.

The Company has a long and successful track record of managing these risks. The director is confident that he has put in place a strong management team and suite of products capable of dealing with the above issues as they arise.

POST BALANCE SHEET EVENTS

On 1 June 2021 the company together with its immediate parents and ultimate parent company entered into a guarantee and collateral agreement in relation to the provision of financing facilities.

There were no other significant post balance sheet events since the end of the reporting period that require amendment to or disclosure in the financial statements.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Durrants, Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**REPORT OF THE DIRECTOR
for the Year Ended 31 December 2020**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mr Kristopher T Schmidt - Director

12 November 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DIGITAL RIVER UK LIMITED

Opinion

We have audited the financial statements of Digital River UK Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Director has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Director.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DIGITAL RIVER UK LIMITED

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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, the director 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 unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Based on our understanding of the company and group, we identified that the principal risks of non-compliance with laws and regulations related to Digital River UK, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular those journal entries posted with unusual account combinations that represent a risk of material misstatement due to fraud; and
- Testing a sample of nominal ledger entries made to ensure they have appropriate commercial substance.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Bessant ACA (Senior Statutory Auditor)
for and on behalf of Durrants, Chartered Accountants
Chartered Accountants & Statutory Auditor
24 Wellington Business Park
Dukes Ride
Crowthorne
Berkshire
RG45 6LS

15 November 2021

INCOME STATEMENT
for the Year Ended 31 December 2020

	31/12/20 £	31/12/19 £
TURNOVER	2,587,604	3,592,391
Administrative expenses	<u>2,401,503</u>	<u>3,286,183</u>
OPERATING PROFIT	186,101	306,208
Interest receivable and similar income	<u>35</u>	<u>452</u>
PROFIT BEFORE TAXATION	186,136	306,660
Tax on profit	<u>34,015</u>	<u>62,169</u>
PROFIT FOR THE FINANCIAL YEAR	<u>152,121</u>	<u>244,491</u>

BALANCE SHEET
31 December 2020

	Notes	31/12/20 £	£	31/12/19 £	£
FIXED ASSETS					
Tangible assets	4		21,234		113,251
CURRENT ASSETS					
Debtors	5	2,876,735		3,247,026	
Cash at bank and in hand		<u>594,413</u>		<u>3,448</u>	
		3,471,148		3,250,474	
CREDITORS					
Amounts falling due within one year	6	<u>439,215</u>		<u>450,611</u>	
NET CURRENT ASSETS			<u>3,031,933</u>		<u>2,799,863</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,053,167</u>		<u>2,913,114</u>
PROVISIONS FOR LIABILITIES			<u>5,667</u>		<u>17,735</u>
NET ASSETS			<u>3,047,500</u>		<u>2,895,379</u>
CAPITAL AND RESERVES					
Called up share capital	8		1,000		1,000
Retained earnings			<u>3,046,500</u>		<u>2,894,379</u>
SHAREHOLDERS' FUNDS			<u>3,047,500</u>		<u>2,895,379</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the director and authorised for issue on 12 November 2021 and were signed by:

Mr Kristopher T Schmidt - Director

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Digital River UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and machinery: at variable rates on a reducing balance basis

Leasehold improvements: over the life of the lease on a straight line basis

As noted in note 7, during the year the company formally vacated the business premises at Wellington Street in Slough and advised the landlord in writing. As a result, the useful life of assets directly connected to the premises were reassessed and the additional depreciation charged during the year as a result of this exercise amounted to £61,004.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

2. ACCOUNTING POLICIES - continued**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

In the opinion of the director the financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding will be more than adequate for the company's needs and that the immediate and ultimate parent company will continue to provide support to enable the company to meet its obligations as they fall due.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 22 (2019 - 28).

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2020	197,951
Additions	15,951
Disposals	<u>(174,806)</u>
At 31 December 2020	<u>39,096</u>
DEPRECIATION	
At 1 January 2020	84,700
Charge for year	103,156
Eliminated on disposal	<u>(169,994)</u>
At 31 December 2020	<u>17,862</u>
NET BOOK VALUE	
At 31 December 2020	<u>21,234</u>
At 31 December 2019	<u>113,251</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20 £	31/12/19 £
Amounts owed by group undertakings	2,807,265	3,104,027
Other debtors	<u>69,470</u>	<u>142,999</u>
	<u>2,876,735</u>	<u>3,247,026</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20 £	31/12/19 £
Bank loans and overdrafts	217	-
Trade creditors	44,292	(55,129)
Amounts owed to group undertakings	12,662	11,314
Taxation and social security	31,322	61,580
Other creditors	<u>350,722</u>	<u>432,846</u>
	<u>439,215</u>	<u>450,611</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2020

7. FINANCIAL INSTRUMENTS

The company has no financial assets or liabilities measured at fair value through profit or loss.

Financial assets by category:

Loans and receivables:

		31/12/2020	31/12/2019
£	£		
Trade and other receivables excluding prepayments		2,794,603	3,092,714
Cash and cash equivalents		594,413	3,448
		-----	-----
		3,389,016	3,096,162
		=====	=====

None of the above financial assets are impaired or past due and they are considered to be of good credit quality. The credit risk for cash and cash equivalents is considered negligible, since the main counterparty is a reputable bank with a high quality external credit rating.

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/20	31/12/19
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

9. OTHER FINANCIAL COMMITMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet amount to £ nil (2019: £188,925).

In September 2020 the company formally vacated the business premises at Wellington Street in Slough and advised the landlord in writing accordingly. The remaining financial commitments relating to the premises will be fulfilled and were recognised in the 2020 Profit and Loss account on the basis that no future commercial benefit will accrue to the company.

10. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of Digital River Ireland, Ltd. The ultimate parent company is Danube Private Holdings II, LLC.

The largest group in which the results of the Company are consolidated is that headed by Danube Private Holdings II, LLC incorporated in the United States of America. No other group financial statements include the results of the Digital River UK Limited.

The consolidated financial statements of Danube Private Holdings II, LLC are available to the public at 10380 Bren Road West, Minnetonka, MN 55343-9072 USA.

11. GUARANTEE AND COLLATERAL AGREEMENT

On 1 June 2021 the company together with its immediate parents and ultimate parent company entered into a guarantee and collateral agreement in relation to the provision of financing facilities.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.