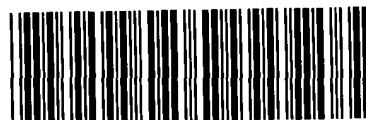


# SumUp Payments Limited

Report and Financial Statements

For the year ended 31 December 2019

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**SumUp Payment Limited**  
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**SumUp Payments Limited**  
**Company Information**

**Secretary**  
C Byrne

**Board of Directors**  
G Walsh  
D Klein  
J Oakes  
K Shanahan

**Registered office**  
32-34 Great Marlborough Street  
London  
W1F 7JB

**Solicitors**  
CasePro OOD  
Edward Young Ltd

**Bankers**  
Danske Bank  
Deutsche Bank  
Allied Irish Banks  
UniCredit Bank  
First Investment Bank  
Barclays Bank

**Auditors**  
**Kreston Reeves LLP**  
Chartered Accountants & Statutory Auditors  
Third Floor  
24 Chiswell Street  
London  
EC1Y 4YX

**SumUp Payments Limited**  
**Strategic Report**  
**For the year ended 31 December 2019**

## **INTRODUCTION**

The directors present their strategic report on the company for the year ended 31 December 2019.

## **RESULTS AND BUSINESS REVIEW**

The principal activity of the company is the sale of hardware, monetary intermediation (payment services) and data processing. The company was authorised by the Financial Conduct Authority on 20 February 2013.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Risk management is an integral part of the Company's business process. The executive Directors review risks on a regular basis and report to the Board of Directors.

The risks and uncertainties which are currently judged to have the largest impact on the Company's performance are noted below:

- General economic conditions may negatively affect consumer spending, resulting in declines in the merchant's turnover.
- The Company faces strong competition in its various markets and if it fails to compete successfully, market share and profitability may decline.
- The success of the Company is built upon an effective management team committed to achieving strong performance in each of the Company's divisions.
- Operational risk including technology and systems execution risk, business continuity planning and disaster recovery, information security breaches and data protection compliance, and general regulatory compliance.

## **FINANCIAL KEY PERFORMANCE INDICATORS**

During the previous year the key financial performance indicators being monitored were debtors days and turnover per employee.

Though its current year operations resulted in profits as a result of management conscious decision to invest in its accretive customer expansion strategy, the Company has proven its business model is stable and sustainable.

	<b>2019</b>	<b>2018</b>
	<b>€000's</b>	<b>€000's</b>
Turnover	116,376	60,406
Net Assets	7,572	7,513
Profit for the financial year	59	3,756

**SumUp Payments Limited**  
**Strategic Report (Continued)**  
**For the year ended 31 December 2019**

**Statement As To Compliance With Duty To Promote The Success of The Company**

The Directors consider, both individually and collectively, that they have acted in the way that would most likely promote success for the benefit of its sole member in the decisions taken during the year ended 31 December 2019.

The Directors engage in setting, approving and executing the agreed strategic vision, direction and related policies. Other areas are regularly reviewed during each financial year including business performance, risk and compliance, shareholder engagement, and corporate responsibility matters. This is undertaken by consideration of reports in board meetings.

In reaching this conclusion the directors have considered their engagement with the following stakeholders and issues:

**Customers:** The Company seeks to build long-term trusted relationships with customers and seeks regular feedback on performance through its NPS engagement.

**Employees:** Employees are encouraged to participate in strategic and operational decision making where appropriate. There is regular communication in relation to short and long term direction by way of staff meetings, 6 monthly eNPS surveys, Talent Development Cycle and Talent Evolution Discussion process, the OKR process and informal meetings and social activities.

**Community and the Environment:** The Company aims to minimise its impact on the environment and local community.

Signed on behalf of the Board of Directors:



Gareth Walsh  
Director

Date : 18.12.2020

**SumUp Payments Limited**  
**Director's Report**  
**For the year ended 31 December 2019**

The Directors present herewith their report together with the audited financial statements for the year ended 31 December 2019.

SumUp Payments Ltd. (the "Company") is a private limited company registered in the United Kingdom, company number 07836562, with registered office at 32-34 Great Marlborough Street, London W1F 7JB, United Kingdom.

**Directors**

The Directors shown below have held office as Directors of the Company throughout the period and until the date of this report:

Mr. G. Walsh  
Mr. D. Klein  
Mr. J. Oakes  
Mr. K. Shanahan

**Principal Activities**

The principal activities of the company are the sale of hardware, monetary intermediation (payment services) and data processing. The company was authorised by the Financial Conduct Authority on 20 February 2013.

**Business Objectives**

The Company's primary business objective is to grow the payment services activities in Europe and UK.

**Results**

The financial report for the year ended 31 December 2019 and the results herein are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union. The statement of comprehensive income for the year ended 31 December 2019 and the statement of financial position as at 31 December 2019 are set out on pages 13 and 14 respectively. The result after tax amounts to a profit of EUR 59 thousand (2018 – profit of EUR 3,756 thousand).

**Dividends**

No dividend is proposed for the year ended 31 December 2019 (2018: Nil).

**Financial risk management**

Details of the Company's financial risk management objectives and policies are set out in note 18 to the financial statements.

**SumUp Payments Limited**  
**Director's Report (continued)**  
**For the year ended 31 December 2019**

Events after the balance sheet date

On 31 January 2020 the United Kingdom formally left the European Union. On this date a transitional period has started in which the United Kingdom remains a member of the single market and customs union until the end of 2020. Management of the Company intends to continue its normal operations on the UK market and maintain the Company's FCA E-money licence.

No significant events after the reporting date have been identified by the Board of Directors of SumUp Limited, which may require additional adjustments and/or disclosures in the Company's financial statements for the year ended 31 December 2019, except the non-adjusting events disclosed related to COVID-19 (note 22)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are 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 directors are required to:

- present fairly the financial position, financial performance and cash flows of the company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 them to ensure that the company's financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are 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.

Each of the directors listed on page 3 confirm to the best of their knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit/loss of the company; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

**SumUp Payments Limited**  
**Director's Report (continued)**  
**For the year ended 31 December 2019**

**Going concern**

The Company reported a profit EUR 59 thousand (2018 – profit of EUR 3,756 thousand) and had net assets of EUR 7,572 thousand (2018 – EUR 7,513 thousand) as at the balance sheet date. Given the liquidity and capital resources arrangements in place, the accounts have been prepared on a going concern basis.

The Board has assessed the appropriateness of the going concern basis of accounting when preparing the financial statements in accordance with accounting standards and guidance from the Financial Reporting Council ('FRC'). As part of that assessment, the directors have considered whether there are any material uncertainties relating to events or conditions (other than those with a remote probability of occurring) that may cast significant doubt upon the continuing use of the going concern basis of accounting in future periods, and the associated requirements to disclose these. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In performing this assessment, the directors have considered all available information about the future, the realistically possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to the directors.

**Future development**

In 2020 the Company continues to successfully attract new merchants and plans to add new features and services to its merchant base.

Looking forward to 2021, the Company will continue to invest in customer acquisition. It will also continue to invest in branding campaigns which have seen very positive results in 2020.

The Company will continue to launch new products and services, which will include hardware & feature development, as well as leveraging products offered through sister companies which have been recently acquired by the SumUp Group.

There will be a transfer of some customers from the books of the Company to SumUp Limited (Ireland), due to the loss of access to the European market resulting from Brexit, this will result in reduced business for the Company in 2021. The Company will service only the domestic and Swiss markets post Brexit. While this will result in a drop in revenue, it will also result in a drop in the cost base as many of the services that were outsourced to intergroup companies will no longer be required. SumUp Payments Limited will ensure a continuation of services without disruption to the transferred customers.

**Statement As To Engaging With Employees**

The Company's employees are fundamental to the success of the business. The Directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the Directors promote and encourage all employees to raise any concerns or suggestions with senior management. The Company aligns its goals with employee input through the OKR process and it has provided a whistleblowing channel. During the period, the Company continued to invest in its employees through I.T. enabling work from home, training and development, and the ongoing implementation of the Company's diversity and inclusion initiative.



**SumUp Payments Limited**  
**Director's Report (continued)**  
**For the year ended 31 December 2019**

Statement As To Engaging With Suppliers, Customers And Other Stakeholders

Stakeholders of the Company include employees, shareholders, customers, suppliers, and the community in which it operates.

The Directors, both individually and collectively, consider that they have acted in good faith to promote the success of the Company for the benefit of its stakeholders as a whole (having regard to the matters set out in s172 of the Companies Act 2006) in the decisions taken during the period. In particular:

To ensure that the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, product performance, including risks and opportunities. The Company's performance and progress is also reviewed regularly at Board and senior management meetings.

The Directors' intentions are to behave responsibly toward all stakeholders and treat them fairly and equally, so that they all benefit from the long term success of the Company.

Statement As To Disclosure Of Information To Auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

The company has appointed Kreston Reeves LLP as statutory auditors for the financial statements as of and for the year ended 31 December 2019.

Signed on behalf of the Board of Directors:



Gareth Walsh

Date: 18.12.2020

**INDEPENDENT AUDITOR REPORT  
TO THE SHAREHOLDERS OF SUMUP PAYMENTS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Opinion**

We have audited the financial statements of SumUp Payments Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of the company's profit for the year then ended;
- have been properly prepared in accordance with IFRSs adopted by the European Union; 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 Auditor's 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 as applied to listed entities, 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**INDEPENDENT AUDITOR REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF SUMUP PAYMENTS LIMITED**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement (set out on page 7), the directors are 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 directors determine 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, the directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 an auditor 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 (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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment 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 REPORT (CONTINUED)**  
**TO THE SHAREHOLDERS OF SUMUP PAYMENTS LIMITED**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

- 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 the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

**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 an auditor report 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.



Michael Cook BA(Hons) FCA (Senior Statutory Auditor)  
For and on behalf of  
**Kreston Reeves LLP**  
Chartered Accountants  
Statutory Auditor  
London  
Date: 18.12.2020

**SumUp Payments Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2019**

	Note	2019 € '000	2018 € '000
Revenue	5,7	116,376	60,406
Cost of sales	6,8	(111,380)	(52,784)
Gross profit		<u>4,996</u>	<u>7,622</u>
Administrative expenses	9	(4,902)	(3,987)
Operating profit		<u>94</u>	<u>3,635</u>
Other non-operating income		(35)	121
Profit on ordinary activities before taxation		<u>59</u>	<u>3,756</u>
Income tax expense	10	-	-
Profit for the year		<u>59</u>	<u>3,756</u>
<b>Comprehensive profit for the year</b>		<u><u>59</u></u>	<u><u>3,756</u></u>

The notes on page 17 to 43 form an integral part of these financial statements.

SumUp Payments Limited  
Company number 07836562  
Statement of financial position  
As at 31 December 2019

			2019 € '000	2018 € '000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11		510	7
<b>Current assets</b>				
Cash and cash equivalents	12	45,074		24,863
Prepayments and Deposits	13	380		337
Tax receivable		4,576		693
Trade receivable	14	20,845		20,773
Other receivables		93		27
Intercompany receivables	19	20,519		2,177
Inventory		2,657		-
			94,144	48,870
<b>Total assets</b>			<b>94,654</b>	<b>48,877</b>
<b>Equity</b>				
<b>Issued share capital and reserves</b>				
Issued share capital	15	6		6
Share Premium		2,424		2,424
Retained earnings		5,142		5,083
Shareholders' funds			7,572	7,513
<b>Non-current liabilities</b>				
Lease liabilities	17	464		-
<b>Current liabilities</b>				
Trade payables	16	552		243
Intercompany payables	19	36,920		2,450
Payables to merchants	14	43,815		37,670
Payables on social security		4		3
Other current payables		5,327		998
			86,618	41,364
<b>Total liabilities</b>			<b>87,082</b>	<b>41,364</b>
<b>Total equity and liabilities</b>			<b>94,654</b>	<b>48,877</b>

The notes on page 17 to 43 form an integral part of these financial statements.

The financial statements of SumUp Payments Limited (Company Number 07836562) were approved and authorized for issue by the Board of Directors and were signed on its behalf by:



Gareth Walsh

Date: 18.12.2020

**SumUp Payments Limited**  
**Statement of cash flows**  
**For the year ended 31 December 2019**

	<b>2019</b>	<b>2018</b>
	<b>€ '000</b>	<b>€ '000</b>
<b>Cash flows from operating activities</b>		
Profit on ordinary activities before taxation	59	3,756
<b>Adjustments to reconcile to cash flow used in operating activities</b>		
Depreciation	29	2
(Increase) in trade and other receivables	(25,137)	(8,376)
Interest paid	35	27
Interest received	(29)	(131)
Increase in trade and other payables	45,643	18,100
<b>Net cash inflow from operating activities</b>	<u>20,600</u>	<u>13,378</u>
<b>Cash flows from investing activities</b>		
Payments to acquire property, plant and equipment	-	(2)
Interest received	29	131
<b>Net cash inflow from investing activities</b>	<u>29</u>	<u>129</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(383)	(772)
Interest paid	(35)	(27)
<b>Net cash outflow from financing activities</b>	<u>(418)</u>	<u>(799)</u>
<b>Net increase in cash and cash equivalents</b>	<b>20,211</b>	<b>12,708</b>
<b>Cash and cash equivalents at 1 January</b>	<b>24,863</b>	<b>12,155</b>
<b>Cash and cash equivalents at 31 December</b>	<u><b>45,074</b></u>	<u><b>24,863</b></u>

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The notes on page 17 to 43 form an integral part of these financial statements.

**SumUp Payments Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

	<b>Share capital € '000</b>	<b>Share premium € '000</b>	<b>Retained earnings € '000</b>	<b>Total equity € '000</b>
Balance at 1 January 2018	6	2,424	1,327	3,757
Result for the year	-	-	3,756	3,756
Balance as at 31 December 2018	6	2,424	5,083	7,513
Balance at 1 January 2019	6	2,424	5,083	7,513
Result for the year	-	-	59	59
Balance as at 31 December 2019	6	2,424	5,142	7,572

The notes on page 17 to 43 form an integral part of these financial statements.



**SumUp Payments Limited**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**1. Corporate information**

The financial statements of SumUp Payments Limited (the Company) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 18 December 2020.

SumUp Payments Limited is a private limited company registered in the United Kingdom, company number 07836562, with registered office at 32-34 Great Marlborough Street, London W1F 7JB, United Kingdom.

The principal activity of the company is the sale of hardware, monetary intermediation (payment services) and data processing.

The company is registered in United Kingdom and authorised by the United Kingdom Financial Conduct Authority (FCA) to carry out the business of an Authorised Payment Institution under registration number 587718. This authorisation was granted with effect from 20 February 2013.

The Company is a 100% subsidiary of SumUp Holdings Luxembourg S.a R.L., the Company's holding company.

The Company's ultimate parent undertaking and controlling party ("Parent") is SumUp Holdings S.à.r.l., with a registered office at 153-155, rue du Kiem, L-8030 Strassen, Luxembourg.

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the Company is a member, is SumUp Holdings S.à.r.l., with a registered office 153-155, rue du Kiem, L-8030 Strassen, Luxembourg.

The Company has eight outstanding charges registered, seven of them are in favor to TPG Specialty Lending Europe I Advisors Ltd, in its capacity of security agent and one towards Tmf Brasil Administracao E Gestao De Ativos Ltda. The charges contain fixed charge, floating charge, negative pledge over the Company and Floating charge covers all the property or undertaking of the company.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements are prepared in all material respects in accordance with International Financial Reporting Standards (IFRS), as adopted by EU, issued by the International Accounting Standards Board (IASB) and the interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC). The financial statements are presented in euro and all values are rounded to the nearest thousand (€000 or EUR '000), except when otherwise indicated.

The financial statements are prepared on a historical cost and accrual basis.

The financial position, financial performance and cash flows for the year ended December 31, 2019 of the Company are presented in these financial statements as comparative information.

**Statement of compliance**

The financial statements of SumUp Payments Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by EU.

## **2.1 Basis of preparation (continued)**

### **Going concern**

The financial statements of the Company have been prepared on a going concern basis.

The Company reported a profit EUR 59 thousand (2018 – profit of EUR 3,756 thousand) and had net assets of EUR 7,572 thousand (2018 – EUR 7,513 thousand) as at the balance sheet date. Given the liquidity and capital resources arrangements in place, the accounts have been prepared on a going concern basis.

The Board has assessed the appropriateness of the going concern basis of accounting when preparing the financial statements in accordance with accounting standards and guidance from the Financial Reporting Council ('FRC'). As part of that assessment, the directors have considered whether there are any material uncertainties relating to events or conditions (other than those with a remote probability of occurring) that may cast significant doubt upon the continuing use of the going concern basis of accounting in future periods, and the associated requirements to disclose these. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In performing this assessment, the directors have considered all available information about the future, the realistically possible outcomes of events and changes in conditions and the realistically possible responses to such events and conditions that would be available to the directors.

### **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

## **2.2 Summary of significant accounting policies**

### **a) Revenue recognition**

The Company is in the mobile point-of-sale business (mPOS).

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is executing payments on the behalf of its customers and for their account and is thus acting as an agent in all contracts with customers related to processing revenue. In all other contracts with customers the Company is the principal because it typically controls the goods or services before transferring them to the customer.

The Company adopted IFRS 15 using the modified retrospective approach method of adoption with the date of initial application of 1 January 2018. The Company has not identified any effect on initial application of IFRS 15.

#### *Sale of card readers and other equipment*

Revenue from sale of card readers and other equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

#### *Variable consideration*

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts for the sale of card readers provide customers with a right of return. The rights of return give rise to variable consideration.

#### *Rights of return*

Contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

#### *Significant financing component*

Generally, the Company do not receive short-term or long-term advances from its customers.

#### *Non-cash consideration*

The Company does not received any non-cash consideration.

## **2.2 Summary of significant accounting policies (continued)**

### **a) Revenue recognition (continued)**

#### *Cost to obtain a contract*

The Company pays sales commission to its employees and to third parties for contracts that they obtain as part of short – term incentive package. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and hired services) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

#### *Rendering of payment services and processing revenue (fee income from providing transaction services)*

The Company earns fee (from merchants and from acceleration) and commission income from a range of services it provides to its customers. Revenue from payment services (fee income) is recognised in point in time on successful completion of the underlying transaction, respectively on triggered by the merchant early settlement for revenue and cost for accelerated transactions.

#### *Interest income*

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

### **b) Taxes**

#### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *Sales tax*

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## **2.2 Summary of significant accounting policies (continued)**

### **c) Employee benefits**

Short-term employee benefits include salaries, interim and annual bonuses, social security contributions and paid annual leave of current employees expected to be settled wholly within twelve months after the end of the reporting period. They are recognised as an employee benefit expense in the statement of comprehensive income or included in the cost of an asset when service is rendered to the Company and measured at the undiscounted amount of the expected cost of the benefit. Information on short-term employee benefits is disclosed in Note 9.

### **d) Fixed assets**

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the fixed assets and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of fixed assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Fixtures and fittings	3 years
Right of Use assets	Over the life of the lease term

An item of fixed asset and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Company has initiated refurbishment of the leased property, and is carrying the work in progress of this refurbishment as asset under construction until the refurbishment is complete. After completion, the asset would be depreciated over the life of the lease term.

### **e) Share capital**

Share capital represents the par value of shares issued. The proceeds from issued capital (issued price) above share par value are recorded as premium reserves. Any difference between issued price and contribution actually received is recorded as receivable for issued but not paid in capital in the statement of financial position.

### **f) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## **2.2 Summary of significant accounting policies (continued)**

### **f) Impairment of non-financial assets (continued)**

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company basis its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss.

### **g) Financial instruments – initial recognition and subsequent measurement**

Financial instruments of the Company as of 31 December 2019 are initially recognized and subsequently measured in accordance with IFRS 9. The Company has applied the following accounting policies under IFRS 9.

#### *Financial assets*

##### *Initial recognition and measurement*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the statement of comprehensive income, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

## **2.2 Summary of significant accounting policies (continued)**

### **g) Financial instruments – initial recognition and subsequent measurement (continued)**

#### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, and receivables from acquirers.

#### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to the statement of comprehensive income. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category. The Company holds equity investment in an entity incorporated in Chile and has classified it as financial asset designed at fair value through OCI.

## **2.2 Summary of significant accounting policies (continued)**

### **g) Financial instruments – initial recognition and subsequent measurement (continued)**

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### *Impairment of financial assets*

Expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



## **2.2 Summary of significant accounting policies (continued)**

### **g) Financial instruments – initial recognition and subsequent measurement (continued)**

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through the statement of comprehensive income, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification.

##### *Loans and borrowings*

This is the category relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**h) Fair value measurement**

The Company does not report any financial instruments, such as, derivatives and available-for-sale financial assets, as well as non-financial assets such as investment properties and property, plant and equipment, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers or internal valuation experts are involved for valuation of significant assets and significant liabilities. Involvement of valuation experts is decided upon annually by the management.

The management decides, after discussions with the valuation experts, which valuation techniques and inputs to use for each case.

## **2.2 Summary of significant accounting policies (continued)**

### **h) Fair value measurement (continued)**

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management, in conjunction with the valuation experts, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **i) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks (net of outstanding deficits on current bank accounts) and on hand and short-term deposits with a maturity of three months or less. As payment institution cash and cash equivalents contain merchants' funds in current bank accounts of the Company, which are presented in note 12.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **j) Foreign currencies**

The Company's financial statements are presented in Euros, which is also the company's functional currency. The Company is applying the foreign exchange rates published by European Central Bank.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the statement of comprehensive income.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**k) Leases**

The Company adopted a modified retrospective application with the cumulative effect of initially applying IFRS 16 Leases at the date of initial application with no restatement of comparative information. The Company is applying IFRS 16 Leases from 1 January 2019. The effects from transition to IFRS 16 Leases are disclosed in Note 17.

Accounting policy effective from 1 January 2019.

*Company as a lessee*

*Identifying a lease*

At the commencement date of the lease (the earlier date of the date of lease agreement or the date of acceptance of main terms of the agreement by all parties) the Company is making an assessment if the particular lease agreement is a lease or contains, a lease. Particular contract is assessed as lease or contains a lease if it conveys the right to control and use of an identified asset for a period of time in exchange for consideration.

In order to determine if a contract conveys the right to control and use of an identified asset the Company is assessing if it holds the following rights during the entire period of use:

- the right to obtain substantially all of the economic benefits from use of the identified asset;
- the right to direct the use of the identified asset.

*Term of lease contract*

In determining the lease term and assessing the length of the non-cancellable period of a lease, an entity determines the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

The term of the lease contract is the non-cancellable period for which the Company has the right to use the underlying asset, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

At the commencement date, the Company assesses whether the lessee is reasonably certain to exercise an option to extend or to purchase the underlying asset, or not to exercise an option to terminate the lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the options. The Company reassesses the lease term upon the occurrence of a significant events or a significant change in circumstances that is within the control of the lessee and affects whether the lessee is reasonably certain to exercise an option not previously included in the determination of the lease term.

## **2.2 Summary of significant accounting policies (continued)**

### **k) Leases (continued)**

#### *Recognition and initial measurement*

At commencement date of lease contract the Company recognizes in the statement of financial position right-of-use asset and a lease liability.

The cost of the right-of-use asset comprise:

- the amount of initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee;
- an estimate of cost to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation of those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The Company depreciates the right-of-use asset in accordance with IAS 16 requirements for the shorter of useful life of the underlying asset and the lease term, as follows:

- Office properties 4 to 10 years

If ownership of the underlying asset is transferred under the lease contract at its end, the Company depreciates the right-of-use asset in accordance with the underlying asset useful life. As of 31 December 2019, right-of-use assets are classified under tangible assets in the Company's statement of financial position.

Lease liabilities represent the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, if the Company is reasonably certain to exercise that option;
- payments of penalties for termination of the lease, if the lease term reflects the Company exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

Lease payments are discounted using the interest rate implicit in the lease, if such can be readily determined. If that rate cannot be readily determined, the Company use the lessee's incremental borrowing rate.

The lease payments contain both a financial expense (interest) and repayment of the lease liability (principal). Financial expenses are recognized in the statement of comprehensive income (as profit or loss for the year) of the Company for the lease term on periodic basis.

#### *Subsequent measurement*

The Company applies a cost model for all its right-of-use assets. Right-of-use assets are presented in the Statement of financial position at cost of purchase, decreased with accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of lease liability.

## **2.2 Summary of significant accounting policies (continued)**

### **k) Leases (continued)**

The Company remeasures lease liabilities by discounting revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in the future lease payments resulting from a change in an index or a rate used to determine those payments, including for example a change to reflect changes in market rentals rates following a market rent review. The Company remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Company remeasures the lease liability by discounting revised lease payments, using a revised discount rate, if either:

- there is a change in the lease term;
- there is a change in the assessment of an option to purchase the underlying asset.

#### *Lease modifications*

The Company accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to the stand-alone price to reflect the circumstance of the particular contract.

For other lease modifications, at the effective date of the lease modification the Company:

- allocates the consideration in the modified contract;
- determines the lease term of the modified lease contract;
- remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term or the incremental borrowing rate of the lessee at the effective date of the modification.

#### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term. As of 31 December 2019, short-term leases and leases of low value assets of the Company are immaterial.

### **l) Inventories**

Inventories held by the Company include card reader devices, mobile printers, peripheral devices and packages. Inventories are valued at the lower of cost and net realisable value. The Company writes down idle and obsolete inventories to their net realisable value. The definition of the write-down requires the management to assess the turnover rate of inventories and their possible realisation through sale.

Cost of acquisition of inventories includes all costs incurred in bringing each product to its present location and condition.

Cost of goods sold is measured using the weighted average method.

### **3. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### ***Judgments***

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the financial statements:

##### ***Revenue recognition – Company as an agent***

Based on the arrangements with its customers in particular the fact that the Company is executing payments on their behalf and for their account of its customers, the management has assessed that the Company is acting as an agent in all its contracts with customers related to processing transactions. Consequently, the reported gross revenue comprises the agent commission received for processing card payments.

##### ***Estimates and assumptions***

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### ***Provision for expected credit losses of trade receivables and contract assets***

The Company uses a provision matrix to calculate Expected credit losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The management assesses the impairment on the basis of an aging analysis of the receivables, previous experience, analysis of the solvency of the respective customer and changes in the agreed payment terms.

**4a. Initial application of new amendments to the existing standards effective for the current reporting period**

For the current financial year, the Company has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) endorsed by the European Union and respectively, by the International Financial Reporting Interpretations Committee (IFRIC), which have been relevant to its activities.

The adoption of these standards and/or interpretations, effective for annual periods commencing on 1 January 2019, has not resulted in changes to the Company's accounting policy, with the exception that the Company adopted IFRS 16 and with the exception of some new and the expansion of already introduced disclosures, without leading to other changes in the classification or measurement of individual reporting items and transactions.

The new and/or amended standards and interpretations include:

- IFRS 16 "Leases" (in force for annual periods beginning on or after 1 January 2019 – endorsed by EC). This standard has an entirely new concept. It establishes new principles for the recognition, measurement, presentation and disclosure of a lease by introducing a new model with the objective to ensure a more faithful and adequate representation of such transactions primarily for the lessee. The standard supersedes the effective so far standard related to leases – IAS 17, and the interpretations thereto. (a) The main principle of the new standard for lessees is the introduction of a single lessee accounting model in the statement of financial position – an asset will be recognised for all contracts with duration of more than 12 months in the form of a 'right-of-use', which will be subsequently depreciated over the duration of the contract, and respectively, a financial liability will be stated for the lease liability under these contracts. This is the significant change in the accounting practice until 2018. The standard allows an exception and retaining the current practice for leases of low-value assets and short-term leases. The standard will impact the financial result for the period, since during the first years expenses related to leases are higher; moreover, operating costs will be replaced by depreciation and interest costs, which will result in a certain change in key metrics such as EBITDA; operating cash flows will increase, since principals and interest will be classified as cash from financing activities; (b) There would not be any significant changes for lessors and they will continue to account for leases as per the old standard IAS 17 – as operating and finance lease. As far as the new standard introduces a more comprehensive concept, a more detailed analysis of contractual terms should be carried out on their part as well and it is possible that grounds for reclassification of particular lease transactions may occur for them (lessors), too. The new standard requires more extensive disclosures. The management has done research and has concluded that the changes made through the new standard have an impact on the accounting policies, and on the value and classification of Company's assets, liabilities, transactions and performance, with regard to rent of office space.
- IFRIC 23 (amended) "Uncertainty over Income Tax Treatments" (in force for annual periods beginning on or after 1 January 2019 – endorsed by EC).
- IFRS 9 (amended) "Financial Instruments" – regarding prepayment features with negative compensation in case of early repayment and modifications of financial liabilities (in force for annual periods beginning on or after 1 January 2019 – endorsed by EC).
- IAS 28 (amended) "Investments in Associates and Joint Ventures" – regarding long term interests in associates and joint ventures (in force for annual periods beginning on or after 1 January 2019 – endorsed by EC).
- Annual Improvements to IFRS Standards 2015-2017 Cycle (December 2017) – improvements to IAS 23, IAS 12 and IFRS 3 in relation to IFRS 11 (in force for annual periods beginning on or after 1 January 2019 – endorsed by EC).
- IAS 19 (amended) "Employee Benefits" (in force for annual periods beginning on or after 1 January 2019 – endorsed by EC).



**4a. Initial application of new amendments to the existing standards effective for the current reporting period (continued)**

The adoption of these standards and/or interpretations, effective for annual periods commencing on 1 January 2019, has not resulted in changes to the Company's accounting policy, with the exception that the adoption of IFRS 16 led to new and the expansion of already introduced disclosures and changes in the classification or measurement of individual reporting items and transactions. The management has chosen modified retrospective application of IFRS 16 on its initial application and will not restate comparative information.

**4b. Standards and amendments to the existing standards issued by IASB and adopted by the EU but not yet effective**

Additionally, with regard to the stated below new standards, amended/revised standards and new interpretations that have been issued but not yet in force for annual periods beginning on 1 January 2019, the management has judged that they are unlikely to have a potential impact resulting in changes in the accounting policies and the financial statements of the Company:

- IFRS 17 "Insurance Contracts" (in force for annual periods beginning on or after 1 January 2021 (with an option for deferral to 2022), not endorsed by EC).
- Amendments to the Conceptual Framework for Financial Reporting and the respective references thereto in various IFRS (in force for annual periods beginning on or after 1 January 2020, endorsed by EC).
- Amendments to the Conceptual Framework for Financial Reporting and the respective references thereto in various IFRS (in force for annual periods beginning on or after 1 January 2020, endorsed by EC).
- IFRS 3 (amended) "Business Combinations" (in force for annual periods beginning on or after 1 January 2020, not endorsed by EC).
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (in force for annual periods beginning on or after 1 January 2020 – not endorsed by EC).
- Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (in force for annual periods beginning on or after 1 January 2020 – endorsed by EC).

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**5. Gross processing revenue**

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Income from merchant fees	101,135	51,622
Flexi pricing/Subsequent discounts	(1,404)	(1,009)
	<b>99,731</b>	<b>50,613</b>

The Company provides its merchants with subsequent discounts and flexi pricing arrangements that depend on the volume of transactions processed. Such discounts are presented net of gross processing revenue.

Set out below is disaggregation of the Company's revenue from contracts with customers:

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Gross processing revenue (Note 5)	99,731	50,613
Revenue from sale of goods and services (Note 7)	16,645	9,793
<b>Total revenue from contracts with customers</b>	<b>116,376</b>	<b>60,406</b>

**6. Processing costs**

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Processing - Interchange Cost	17,553	9,639
Processing - Acquiring Cost	6,704	7,357
Processing - Scheme Cost	5,853	2,030
Bank charges on merchant payout accounts	2,093	785
Acquiring expenses	15	356
Chargebacks/Refunds costs	945	352
	<b>33,165</b>	<b>20,519</b>

**7. Revenue from sale of goods and services**

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Revenue from sale of card readers	15,964	8,922
Revenue for rent of POS Pro	477	691
Other revenue	204	181
	<b>16,645</b>	<b>9,793</b>

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**8. Cost of goods sold**

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Intercompany services	43,730	-
Card readers sold	29,619	28,345
Distribution and packaging costs	4,676	3,542
Other goods sold	190	378
	<b>78,216</b>	<b>32,265</b>

**9. Administrative expenses**

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Administrative expenses from third parties	4,182	3,540
Salaries and salary-like expenses	720	447
	<b>4,902</b>	<b>3,987</b>

Salaries and salary like expenses include Directors remuneration totaling EUR 70 thousand for 2019 (2018: EUR 70 thousand), representing one Director remuneration of only salary and fees (see Note 20).

The average number of staff for the year ended 31 December 2019 was 10 employees (2018: 8 employees).

As at 31 December 2019 the Company had 9 employees (2018: 10 employees).

**10. Income tax**

Components of income tax expense:

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Current income tax charge	-	-
<b>Income tax expense reported in the consolidated statement of comprehensive income</b>	<b>-</b>	<b>-</b>

Income tax reconciliation to the statement of comprehensive income is as follows:

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
Profit before tax (EUR'000)	59	3,756
Income tax rates	19%	19%
Current income tax charge	11	714
Losses relief	(11)	(714)
Income tax benefit / (expense)	-	-

Tax losses are available for offset against future profits of the Company entities in which the losses arose, and as of 31 December 2019 are totaling to EUR 2,659 thousand (31 December 2018: EUR 2,670 thousand).

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**11. Fixed assets**

	Right of use assets <i>EUR'000</i>	Assets under construction <i>EUR'000</i>	Fixtures and Fittings <i>EUR'000</i>	Computer Equipment <i>EUR'000</i>	Total <i>EUR'000</i>
<b>Cost:</b>					
<b>At 01.01.2018</b>	-	-	1	15	16
Additions	-	-	-	5	5
Disposals	-	-	-	(3)	(3)
<b>At 31.12.2018</b>	-	-	1	17	18
Adoption of IFRS 16	484	-			484
<b>At 01.01.2019</b>	484	-			484
Additions	-	41	-	4	45
Disposals	-	-	-	-	-
<b>At 31.12.2019</b>	484	41	1	21	547
<b>Accumulated depreciation:</b>					
<b>At 01.01. 2018</b>	-	-	(1)	(11)	(12)
Depreciation charge for the year	-	-	-	(2)	(2)
Disposals	-	-	-	3	3
<b>At 31.12.2018</b>	-	-	(1)	(10)	(11)
Depreciation charge for the year	(24)	-	-	(2)	(26)
Disposals	-	-	-	-	-
<b>At 31.12.2019</b>	(24)	-	(1)	(12)	(37)
<b>Carrying value:</b>					
<b>At 31.12.2018</b>	-	-	-	7	7
<b>At 31.12.2019</b>	460	41	-	9	510

**12. Cash and cash equivalents**

	2019 <i>EUR'000</i>	2018 <i>EUR'000</i>
Cash in bank	13,075	3,900
Merchants funds	31,999	20,963
	<b>45,074</b>	<b>24,863</b>

Cash at banks is mainly in EUR, CHF, BGN, GBP, CZK, DKK, HUF, NOK, PLN, SEK and USD accounts and earns interest at floating rates based on daily bank deposit rates.

**13. Prepayments and deposits**

	2019 <i>EUR'000</i>	2018 <i>EUR'000</i>
Prepayments to suppliers	-	1
Other deposits	380	336
	<b>380</b>	<b>337</b>

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**14. Trade receivables and payables to merchants**

Trade receivables include receivables from acquirers totaling EUR 19,991 thousand as of December 31, 2019 (2018: EUR 20,307).

Acquirer is the financial institution or merchant bank (a merchant acquirer) which is contacted to authorize a credit card or debit purchase. The acquirer approves or declines the debit or credit card purchase amount. If approved the acquirer will then settle the transaction by placing the funds into the SumUp's account. At year end the Receivables from acquirer represent the accumulated balance of approved transactions processed in the last days of the year. Such balances are then settled in SumUp's Merchants funds account within the first days of the following year.

The Company is principally engaged in the provision of financial, technical and consulting services rendered to merchants and different payment service providers together with software development services. Payables to merchants are recognised on completion of the underlying transaction as this is when the payments are due to the merchants. At year end the Payables to merchants are the accumulated balance of approved transactions processed in the last days of the year. Such balances are then paid out to Merchant's account on the first days of the following year.

**15. Share capital**

	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<i>No</i>	<i>EUR'000</i>	<i>No</i>	<i>EUR'000</i>
<b>Ordinary shares</b>				
At 1 January	500,000	6	500,000	6
Issue of share capital	-	-	-	-
<b>At 31 December</b>	<b>500,000</b>	<b>6</b>	<b>500,000</b>	<b>6</b>

Share capital consists 500,000 shares at par value of GBP 0.01. All shares are issued and fully paid.

**16. Trade payables**

	<b>2019</b>	<b>2018</b>
	<i>EUR'000</i>	<i>EUR'000</i>
<b>Payables to suppliers</b>	<b>552</b>	<b>243</b>
	<b>552</b>	<b>243</b>

**17. Lease liabilities**

The Company adopted a modified retrospective application with the cumulative effect of initially applying IFRS 16 Leases at the date of initial application with no restatement of comparative information. The Company is applying IFRS 16 Leases from 1 January 2019.

With IFRS 16 initial application the Company has recognized lease liabilities, all of which are related to office rent agreements and rent of office related equipment. These lease liabilities are measured at present value of remaining lease payments, discounted with incremental borrowing rate of the Company as of 1 January 2019. The average incremental borrowing rate of the Company applied to lease liabilities recognized in the statement of financial position at the date of initial application is 4.10%.

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**17. Lease liabilities (continued)**

Lease liabilities recognized as of 1 January 2019 total EUR 484 thousand, including short term lease liabilities as of 1 January 2019 that total EUR 24 thousand and long-term lease liabilities as of 1 January 2019 that total EUR 460 thousand.

Set out below are the carrying amounts of right-of-use assets recognized and included under tangible assets and the movements during the period:

	<b>Office properties EUR'000</b>	<b>Total EUR'000</b>
As at 1 January 2019	484	484
Additions	-	-
Depreciation expense	(24)	(24)
<b>As at 31 December 2019</b>	<b>460</b>	<b>460</b>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<b>2019 EUR'000</b>
As at 1 January 2019	484
Additions	-
Accretion of interest	4
Payments	(24)
<b>As at 31 December 2019</b>	<b>464</b>
Short term lease liabilities as of 31 December 2019	72
Long term lease liabilities as of 31 December 2019	392

The end date of the lease liability is falling in 2024 and the whole long-term portion of the finance lease falls withing a maturity period from 1 year to 5 years.

The following are the amounts recognized in statement of comprehensive income:

	<b>2019 EUR'000</b>
Depreciation expense of right-of-use assets	24
Interest expense on lease liabilities	4
<b>Total amount recognized in statement of comprehensive income</b>	<b>28</b>

## **18. Financial risk management objectives and policies**

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

The directors constantly monitor the financial risks to which the company is exposed, in order to detect those risks in advance and take the necessary action to mitigate them through regular review by the board.

The following section provides qualitative disclosures on the effect that these risks may have upon the company.

### **18.1. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include received loans, cash and cash equivalents and deposits.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's is not exposed to risk of changes in market interest rates as at 31 December 2019, as the borrowings of the Company are contracted and bearing fixed interest rates, thus changes in the interest rate levels do not impact the Company's profit/loss before tax figures.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

#### **18.1.1. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

Most of the Company's transactions are carried out in Euro. To mitigate the Company's exposure to foreign currency risk, non-Euro cash flows are monitored in accordance with Company's risk management policies. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows from long-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

The Company operates internationally and is exposed to foreign exchange risk, primarily the GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Company entity.

## 18. Financial risk management objectives and policies (continued)

### 18.2. Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

#### Financial assets

	2019 EUR'000	2018 EUR'000
Deposits	380	337
Receivables from acquirer	19,991	20,307
Related party receivables	20,519	2,177
Other receivables	5,523	1,186
	<b>46,413</b>	<b>24,007</b>

#### a) Impairment of financial assets

The Company has one main type of financial assets that are subject to the expected credit loss model - trade receivables for sales of inventory and from the provision of services.

While cash and cash equivalents and receivables from acquirer are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

#### *Trade receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and other receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 and the corresponding historical credit losses experienced with this period.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 5 years past due.

Impairment losses on trade receivables are presented as bad debt provisions, part of other operating expenses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### 18.3. Liquidity risk

The Company manages its liquidity needs by monitoring scheduled payments for financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available investor/creditor commitments in order to determine headroom or any shortfalls. This analysis shows that available investor/creditor commitments are expected to be sufficient over the lookout period.



**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
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**18. Financial risk management objectives and policies (continued)**

**18.3. Liquidity risk (continued)**

The Company maintains cash to meet its liquidity requirements for 30-day periods at a minimum. As at 31 December 2019 and 2018, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

<b>Payables</b>	<i>On demand</i>	<i>Less than 6 months</i>	<i>6 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
<b>At 31.12.2019</b>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Trade payables	-	552	-	-	-	552
Payables to merchants	43,815	-	-	-	-	43,815
Payables to related parties	-	36,920	-	-	-	36,920
Payables to taxes	-	4,283	-	-	-	4,283
Other payables	-	1,048	-	-	-	1,048
	<b>43,815</b>	<b>42,803</b>	-	-	-	<b>86,618</b>

<b>Payables</b>	<i>On demand</i>	<i>Less than 6 months</i>	<i>6 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
<b>At 31.12.2018</b>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Trade payables	-	243	-	-	-	243
Payables to merchants	37,670	-	-	-	-	37,670
Payables to related parties	401	2,049	-	-	-	2,450
Payables to taxes	-	962	-	-	-	962
Other payables	-	36	-	-	-	36
	<b>38,071</b>	<b>3,290</b>	-	-	-	<b>41,361</b>

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**18.4. Capital Management**

The Company maintains a good capital structure that ensures financial stability and provides a solid foundation for ongoing development of business operations. The management oversees the Company's capital structure and financial management, approves matters related to expenses, investments and financing and continuously monitors the Company's exposure to financial risks.

The Company defines capital as total equity according to the statement of financial position of EUR 7,572 thousand (2018: EUR 7,513 thousand).

**19. Fair value of financial instruments**

The fair value of financial assets, e.g. cash and cash equivalents, deposits, receivable, trade payables and payable to related parties approximate their carrying amounts due to the short-term maturities of these instruments.

**SumUp Payments Limited**  
**Notes to the financial statements (continued)**  
**For the year ended 31 December 2019**

**20. Related party disclosures**

Related parties' transactions and outstanding balances are presented in the table below. All transactions with related parties were made on terms equivalent to arms length transactions.

	Sales	Purchases	Loan transfers	Interest income/ (expense)	Loans receivable/ (payable)	Trade receivables	Trade payables
	2019 EUR '000	2019 EUR '000	2019 EUR '000	2019 EUR '000	31.12.2019 EUR '000	31.12.2019 EUR '000	31.12.2019 EUR '000
SumUp Holdings Sarl	-	-	-	-	-	-	(9)
SumUp Holdings Lux Sarl	-	-	-	-	-	6,978	-
SumUp Payments UAB	-	-	-	-	-	5	(1)
SumUp Inc.	-	-	-	-	-	302	-
SumUp EOOD	-	(38)	-	-	-	644	(58)
Juwel 148 VV UG	-	-	-	-	-	-	(2,001)
Payleven Germany Gmbh	-	-	-	-	-	15	(13)
Debitoor UK Ltd	-	-	(218)	(14)	(18)	-	-
Debitoor Espana S.L.	-	-	-	-	-	-	-
Debitoor Holdings Sarl	-	-	(165)	-	-	118	-
Debitoor Gmbh	-	-	-	-	-	-	-
SumUp Limited	-	(32,972)	-	-	-	9,265	(23,926)
SumUp Services Gmbh	-	(12,181)	-	-	-	2,554	(10,656)
SumUp Solucoes de Pagamento	-	-	-	-	-	212	-
Keysi Europe EOOD	-	-	-	-	-	426	(256)
	-	(45,191)	(383)	(14)	(18)	20,519	(36,920)

	Sales	Purchases	Loan transfers	Interest income/ (expense)	Loans receivable/ (payable)	Trade receivables	Trade payables
	2018 EUR '000	2018 EUR '000	2018 EUR '000	2018 EUR '000	31.12.2018 EUR '000	31.12.2018 EUR '000	31.12.2018 EUR '000
SumUp Holdings Sarl	-	-	-	-	-	-	(9)
SumUp Holdings Lux Sarl	-	-	-	-	-	2,160	-
SumUp EOOD	-	-	92	(3)	-	-	(20)
SumUp Branch Poland	-	-	-	-	-	-	(6)
Juwel 148 VV UG	-	-	-	-	-	-	(1,990)
Payleven Germany Gmbh	-	-	-	-	-	-	(21)
Debitoor UK Ltd	-	-	179	(14)	(239)	-	-
Debitoor Espana S.L.	-	-	235	(9)	(165)	-	-
Debitoor Holdings Sarl	-	-	-	-	-	17	-
Debitoor Gmbh	-	-	115	(1)	-	-	-
SumUp Limited	-	(2,030)	-	131	-	-	-
SumUp Services Gmbh	-	(32,265)	-	-	-	-	-
Keysi Europe EOOD	-	(439)	-	-	-	-	-
	-	(34,734)	621	107	(404)	2,177	(2,046)

## 20. Related party disclosures (continued)

### Compensation of key management personnel

	2019 EUR '000	2018 EUR '000
Short-term employee benefits	70	70
	<b>70</b>	<b>70</b>

The amounts disclosed in the table are the amounts recognized as expenses during the reporting period related to key management personnel. The Company has not entered into other transactions with key management personnel, except as the defined in the table above.

The Company has one Director for which has accrued Salaries and salary-like expenses for 2019 totaled EUR 70 thousand (2018: one Director and Salaries and salary-like expenses totaling EUR 70 thousand). The other directors did not receive remuneration for their role as they were remunerated by other company within SumUp group. The value of services they provide is estimated to be EUR 33 thousand for 2019 (2018: EUR 56 thousand).

There is no Director accruing benefits under a money purchase pension scheme (2018: none). No director has received benefits in the form of pension contributions during 2019 and 2018. No shares were granted to directors as part of their emoluments.

## 21. Changes in liabilities arising from financing activities

	1 January 2019 EUR '000	Cash flows EUR '000	Accrued interest EUR '000	31 December 2019 EUR '000
Interest-bearing loans and borrowings	404	(418)	32	18
	<b>404</b>	<b>(418)</b>	<b>32</b>	<b>18</b>

## 22. Events after the balance sheet date

On 31 January 2020 the United Kingdom formally left the European Union. On this date a transitional period started in which the United Kingdom remains a member of the single market and customs union until the end of 2020. Management of the Company intends to continue its normal operations in the UK market and maintain the Company's FCA E-money licence.

### Pandemic

Since the year end the global economy has been significantly impacted by the spread of the Corona Virus (COVID-19). While trading conditions have changed unfavorably since year end, this is not an adjusting post year end event and consequently there is no impact on the carrying value of the balances at year end.

There were no other significant events between the year-end date and the date of signing of the financial statements, affecting the Company, which require adjustment to or disclosure in the financial statements.