

# **PAYPER** **ANNUAL** **REPORT**

2019

**PAY**  
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# MANAGEMENT REPORT

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# “There was one central concept for me in 2019: Wet Arbeidsmarkt in Balans (WAB) ”

**Edwin Schaap,  
General Manager**

The word that springs to mind when I think about 2019 is turbulent. It was a difficult year because the new Wet Arbeidsmarkt in Balans (WAB) forced us to make choices about our basic services provision. Something that we had been doing for fifteen years suddenly had to be overhauled and that had an impact on all fronts at Payper. So for me, the WAB has been both a high point and a low point of 2019. It gave us an opportunity to move towards a clear proposition that we truly believe in. The low point was the mandatory choice that I was faced with. A difficult choice, but one that the new

law compelled us to make. Something we had been doing for years was no longer possible and that made me feel as if I had to build up a whole new business. I think it's a great pity that a law can be so influential. Don't forget that Payper was started to satisfy demands from the market.

I also feel that the WAB is not addressing the structural problems on the employment market. The WAB encourages employers to offer more permanent contracts. This effect can be seen by the increase in fixed-

term contracts since 1 January. Good news for the employees and in that sense a positive development. But the employment market is a free market system based on supply and demand and that will not change by itself. My only concern is the competition.

We comply with the law and abide by the strict rules of the WAB. Unfortunately, some of our competitors are seeking out the grey areas, even though the WAB specifically calls for dedicated payroll processing.

**“Stimulating topics will lead to new products and services with which we can help our clients even more.”**

But there is a positive side to the WAB for Payper. We have set out a very clear and sound proposition that is closely in line with the employers of today. We have also taken an unequivocal stance with our decision to give full support to Het Nieuwe Payroll. That is why I believe that 2020 will be a good year for us. We will continue to work towards large-scale employership, build up loyal relationships with our clients and, above all, let the whole world know what steps we are taking. 2020 will be the year of the employee. We are currently discussing with our clients how best we can assist them in the field of HR, and agreeing on ways to put the interests of today's employees first. Stimulating topics that



will lead to new products and services with which we can help our clients even more.

I see 2020 as a new beginning. 2019 was a stormy year, but the groundwork for the future has been laid. My task now is to guide and encourage Payper's progress. I want us to grow a little more each day. My role is to ensure that the whole organization is part of this process. We have managed to turn the WAB from a threat into an opportunity. I am confident that we will rise to every challenge along the way, just as we have done in the face of the coronavirus crisis. These are dark times in which nobody knows what the future will bring. →



The economic impact will be huge and will also affect Payper. But I still see opportunities. Risk prevention and flexibility are top priorities for entrepreneurs right now. A good opportunity for Payper to show our added value.

I look forward to 2021 with confidence. We have made many changes to the organization and we will continue to do so, with a special focus on service and automation. We are very useful to our clients but there is still a lot we can improve. I have a part to play in this. As an entrepreneur, I want to move forward rapidly and start new initiatives.

However, I also realize this may cause unrest and it is up to me to find the right balance. That is quite a challenge. I cannot do it by myself, which is why I urgently need the support of everyone at Payper to help realize our ambitious goals. And I have every confidence that we will reach those goals. January 2021 will be the start of a wonderful year for Payper! ←

# “It was year full of challenges, but we don't get knocked out easily”

**Eric Snoeren,  
Financial Manager**

It was year full of challenges, says Eric Snoeren. We had to cope with a number of tough issues, like implementing the new payment system and of course the new Wet Arbeidsmarkt in Balans (WAB). That caused a lot of uncertainty. One of the good things about Payper, though, is that we always face up to challenges, we don't get knocked out easily. We had to make some difficult decisions, but the results speak for themselves. A solid basis has been established and now it's time to start growing again. And at Payper we're ready!

The year did not begin as we had hoped. At the start of 2019 we switched to a new remuneration and invoicing system. These new systems enable us to serve larger clients and to bind them to us. Clients that are suited to Payper and that will ultimately ensure higher returns. The implementation of the system means that clients have more self-service options so that we can process larger volumes with less in-house personnel. A good, positive step but unfortunately the implementation was not



without some judders and jolts. We tried to tackle all possible problems beforehand, but our clients were still troubled by the implementation. We had to put a lot of things right, and that hurt Payper.

Financially, we had to make certain decisions that unfortunately had a negative impact on the results in 2019. That, in turn, had consequences for our financing agreement with ABN Commercial Finance. In consultation with ABN AMRO, however, we managed to work out an acceptable solution. By now we have resolved all internal issues and tightened things up. We have turned a bad situation into a good one, but it's been an unpleasant experience both for our clients and for ourselves.

Meanwhile, the next challenge was lying in wait: Wet Arbeidsmarkt in Balans (WAB). The new law caused a great deal of confusion. Our fundamental service provision, and with that our earning model, had to be completely restructured. We made a clear statement by opting for pure, dedicated payroll services in accordance with the new law. A difficult decision that impacted our turnover. Some clients left us, preferring the grey areas. From a financial point of view it was hard to see those clients go. In the short term, that was very discouraging. Nevertheless, I fully support our choice for a pure form of payroll. In the long term, it's the only correct choice. I think it's a pity that the law is not actively enforced.

We prepared ourselves well for the new law, but if I could do it again I would have applied the brakes. Involved the clients more in our own processes, in the steps we want to take as organization. And provided them with more information about how flexibility would be impacted. Specifically, that the WAB does not have to have negative consequences for flexibility.

The challenge facing us now, of course, is the coronavirus crisis. Quarantine measures have brought sectors like restaurants and entertainment to a virtual standstill and that affects us financially. But we have turned this challenge, too, into an opportunity. We try to find suitable solutions together with our clients, and due to the government aid measures, our continuity is assured.

I anticipate an increase in the demand for flexibility due to the coronavirus crisis. The WAB has resulted in more people being given fixed-term contracts. But now, with the crisis, it's flexibility that is in demand due to the economic risk run by employers. It's up to us to grab this chance to attract and bind bigger clients who may have the necessary know-how but who prefer a strategic cooperation.

Looking back, I am proud of Payper and of all my colleagues. Despite all the turmoil, we got together and put our shoulders to the wheel. We don't get discouraged, but find opportunities in challenges. I see a good future ahead. In 2019 we had to tread water. The organization was further downsized, which could be done internally due to increased digitalization. The result is a small, professional and streamlined organization with an efficient system that offers added value to clients of a reasonable size. In my financial capacity, I will be focussing on improving returns. Less emphasis will be put on volume, which we used to do. More emphasis on returns from provision of services, so that we can grow into a financially healthy organization again.

Looking forward, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus have already significantly affected our business in the first six months of 2020.

We have experienced a decline in revenues for the first six months of 2020 compared to the same period in 2019 of 66%. This decrease is a result of the governmental measures (lockdown) taken in the hospitality and event business. Furthermore, we see that COVID-19 had a negative effect on the revenue of temporary agencies. All markets where Payper is delivering services. To become less depended on the current revenue model Payper started already in 2019 to commercialize the developed software (PayperOne) to be able to generate high margin revenue with low risk and low impact on the cash flow of the organization.

Although the decrease in revenue is substantial we expect that the result after taxes for 2020 will be positive. This as a result of the financial supporting measures given by the government, like the NOW, in combination with the austerity measures taken by Payper by the end of 2019 to improve the financial performance of Payper. However, if due to COVID-19, a new lock down period will be announced without financial supporting measurements given by government the continuity of Payper could become at risk.

Since Payper did not meet the covenant ratio's of ABN AMRO Asset Based Finance N.V. Payper was renegotiating

the financing facility and conditions. Based upon the performance of the first months of 2020 in combination with the measurements taken by Payper a new financing facility has been given on the 2nd of July 2020. The total facility has been reduced to € 8.5 million which is more than adequate for the business of Payper in 2020 and 2021. ←



**“We were struggling, but in the end we found our way”**

**Pascal Peeters,  
Sales Manager**

In 2019 we made a brave decision at Payper by deliberately switching to a pure form of dedicated payroll services. I am proud of the way we positioned our new proposition, Het Nieuwe Payroll, in the market. Service provision that is fully compliant with the relevant laws and regulations. We offer entrepreneurs and intermediaries a solution for binding employees to their organization. At the same time, we also reduce employer risk. We represent added value thanks to our knowledge and skill in combination with a first-rate system. We offer support to clients who truly engage with their personnel. Even though the WAB is the reason, Het Nieuwe Payroll is suited to the tight employment market and Payper's vision of the future. That is why, for me, the introduction of our new proposition was one of the high points of 2019.

Still, it took us a while to work out the new proposition. The road to Het Nieuwe Payroll was hectic and caused agitation both internally and among our clients. Our primary service had to be completely remodelled and we had to find a new direction. We were struggling, but in the end we found our way with Het Nieuwe Payroll. A dedicated payroll service aimed at security instead of flexibility. We believe in our choice and our vision. The market, too, is noticing the choice we made. I meet more and more employers who are actively engaged in outsourcing personnel, and who share our vision of employership. Unfortunately, there are clients who do not share that vision, and who have ended their partnership with us. But where one door closes, another door always opens!

As sales manager, I see plenty of opportunities for Payper, and that is why, even in times of crisis, I am confident about the future. Businesses are looking to outsource risks and focus on expansion. For that they need a strong, flexible shield. The tight labour market poses another challenge. Het Nieuwe Payroll offers the flexibility and security that today's entrepreneurs need. Our proposition fits in perfectly with that.

The important thing now is to attract the right clients. Our target group has become bigger. Sales talks have become more substantive and strategic. We are seen as HR partners and our payroll solution offers clients peace of mind. We have broadened our horizons and are now looking at new markets in which our HR services can provide solutions. We are approaching this proactively together with our marketing department.

Payroll remains an ideal solution for entrepreneurs who don't dare run the risk, but who badly need the personnel. The desire for security and flexibility will continue to exist for employers. Employees today do not by definition want a fixed-term contract, they want flexible and project-based work. Het Nieuwe Payroll meets the needs of employers and employees, making it an excellent basis for growth. We have a user-friendly system, a compact organization and a client portfolio that is suited to us. This will lead to a turnover in 2021 that we can all be proud of! ←

# “2019 taught us a lot”

## Stef Maris, Manager Operations

In my role as operational manager, I have watched Payper grow into a professional service organization. 2019 taught us a lot, but it wasn't always an easy road.

It was an emotional year for me. A year with many hurdles, particularly in the field of operations management. The year started well with the implementation of our own wage payment system in PayperOne. That was necessary in order to offer better services to our clients. A fundamental part of Payper's ongoing professionalization. But the implementation had an impact on our provision of services, which caused an upset both internally and among our clients. I'm very sorry that this caused so much trouble among our clients and colleagues, but luckily quick action on our part enabled us to rectify the situation. But no time to catch our breath, because we were already facing the next hurdle: Wet Arbeidsmarkt in Balans (WAB).

The impact of the WAB on Payper's operations was massive. It forced us to

take the bold decision that Payper would transact only pure, dedicated payroll business: Het Nieuwe Payroll. That meant the end of the temporary staffing system, a system we had always used. The whole business had to be restructured. As part of my job, I facilitated the entire process. It was a challenging task that involved a major transition. The basic service we had been providing for years was suddenly no longer possible. Many competitors continue to use the old temporary staff system. That is prohibited by law but it still happens. I am particularly disappointed that the new law is not being enforced.

But there is also a positive side to the WAB for Payper. Our proposition Het Nieuwe Payroll is attracting a new target group that hadn't considered payroll before. The WAB encourages fixed-term contracts, but at the moment employers are hesitant. They are looking for ways to cope with peaks and troughs. We are now in an even better position to help these



employers thanks to Het Nieuwe Payroll. At the same time, this will bring us closer to large-scale employership - an ambition of ours for many years.

**The focus in 2020 is on further optimization of our services, primarily by improving the user-friendliness of PayperOne.**

2019 was hectic but rewarding. Personally, I learned an immense amount from the whole process. As project leader, I worked long hours to get the whole organization ready for the transition. My efforts culminated in the title of Employee of the Year. I am very proud of that. To be shown such appreciation is a tremendous compliment. It cost me a lot of blood, sweat and tears, but I am gratified that my efforts were seen and rewarded.

The focus in 2020 is on further optimization of our services, primarily by improving the user-friendliness of PayperOne. That will be done by further automation of the processes in PayperOne, thus giving clients more control and more options to work with. We will also take a close look at our advisory role and how we can provide more support for our clients in dealing with HR issues. So I am optimistic about the future, even now during the coronavirus crisis. Yes, the crisis is affecting us, but it also presents new opportunities!

In 2020 we shall sow in order to reap in 2021. In 2021 we shall have succeeded in further optimizing our service provision and PayperOne. New products may have been introduced that provide even more support for our clients in the field of HR. We shall then also have taken concrete steps towards large-scale employership in which the employees are put first. ←

## CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility remains an integral part of Payper's business operations. Payper consciously chooses to digitise its (client) processes and, correspondingly, reduce paper use. Both employers (clients) and employees will increasingly be using the processes offered digitally in a secure environment. The PayperOne platform also fits in perfectly with this development.

## BITS/CODERDOJO FOUNDATION

The BITS foundation originated from the Coderdojo foundation in Breda. The aim of the foundation is to guide and stimulate children (7-17) to get started with programming. By giving the children themselves control over the learning process, their curiosity is stimulated and they learn both together and from each other. In this way, they are shaped to become the effective programmers who will be needed in the future, both on a technical and social level.

## DIVERSITY OF INFORMATION MANAGEMENT

Payper has two board members, a general director and a financial director. Both positions are held by men. A balanced gender distribution between men and women will only be discussed if Payper grows and would develop a more extensive board.

## ADVISORY BOARD

Payper is part of the top of the industry. In the context of this, Payper has set up an Advisory Board to ensure the organisation progresses further. The Advisory Board consists of:

- Ben Bruijn
- Peter Hulsbos
- Siemon van den Berg
- Onno Nachtegaal
- Niall Brady

**Ben Bruijn** is a specialist in the field of corporate acquisitions at ABN AMRO. He has been working at ABN AMRO since 1987.

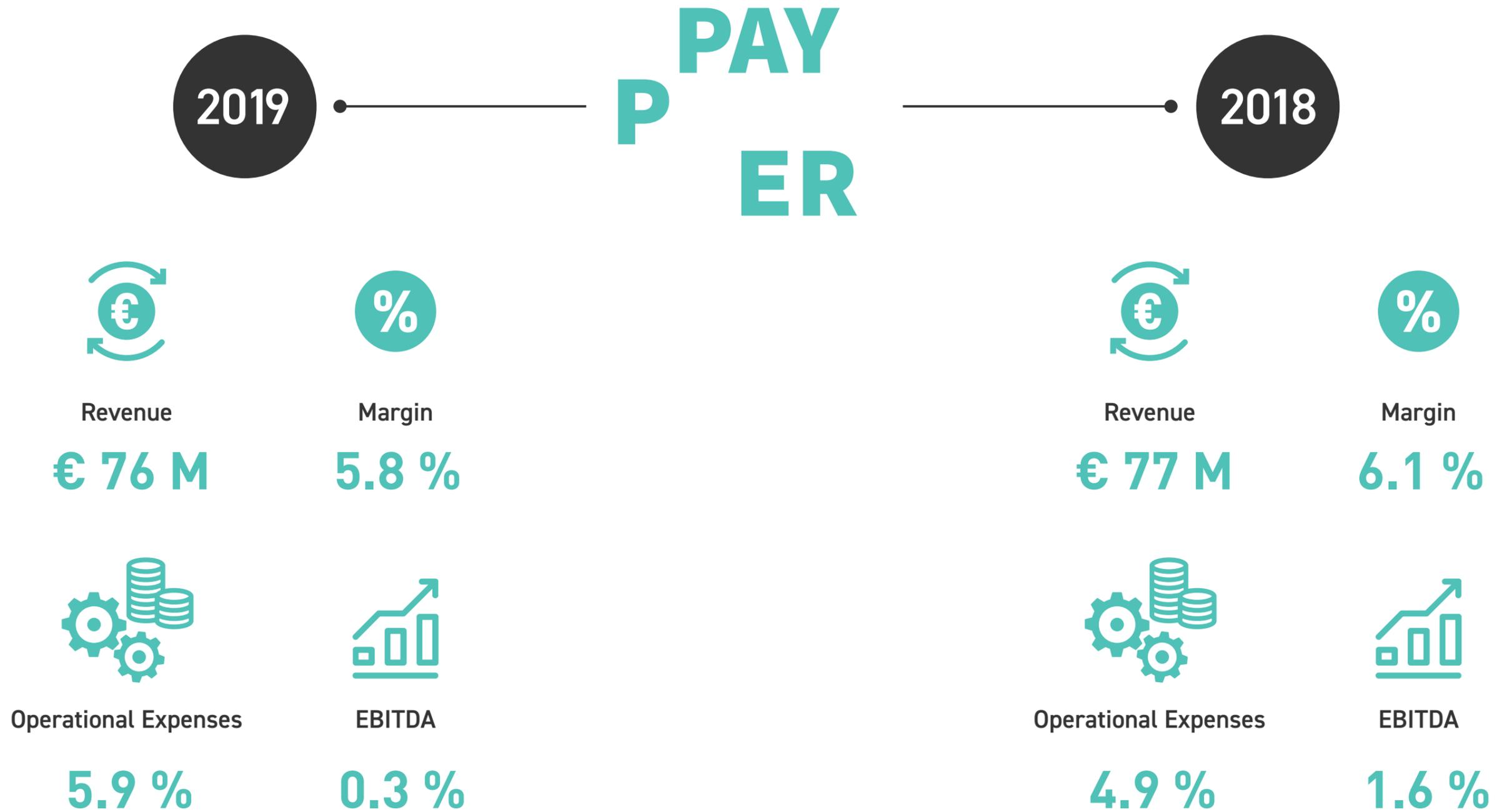
**Onno Nachtegaal** is an experienced professional in the field of Credit Information, experienced in the setting up and developing of large data collections (BIG data) and the processes surrounding that. He worked for Graydon Netherlands for more than 12 years.

**Peter Hulsbos** was managing partner of Tempo-Team Group from 2000 to 2009, and subsequently with seconder Yacht until October 2014.

**Siemon van den Berg** is an ICT entrepreneur and CEO of The Datacenter Group. He has been an ICT entrepreneur for more than 15 years and has extensive knowledge and experience in software development, cloud computing and IT infrastructure.

**Niall Brady** is Senior AVP, SMB EMEA at Salesforce. For over 16 years, he has been involved with innovation and technology on a daily basis. In addition, due to his experience in the software industry, he provides strategic insight and advice on how to market Payper and PayperOne in a distinctive way.

## Key Figures



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VASTE WAARDE  
IN FLEXIBEL WERK

**Rete serieus maar wel onwijs gaaf!**



# RISKS

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## I. GENERAL RISKS

### **Economic recession, inflation & diminished consumer confidence**

A recession generally leads to collective dismissals and substantial cuts in the number of jobs. Flex workers are usually the first to be hit because they are the easiest target for companies looking to cut down on staff. Because Payper's activities deal with the so-called Flexible Shell ( Dutch: *Flexibele Schil*) - a 'layer' of flexible non-core workers -, a recession could affect the growth objectives unfavourably. Inflation and diminished consumer confidence could also have a negative impact on Payper's turnover.

## II. STRATEGIC RISKS

### **Size of the employers and workers database (volume)**

To ensure continuity for employers and workers it is essential that Payper has a sizeable database of employers and workers. That makes it easier to place and reposition workers within client groups in the various branches of industry, thus ensuring optimum matching between supply and demand. At present Payper has 200 clients and 2,000 workers. To achieve its growth objectives the number of clients must be doubled and the number of workers quadrupled at the very least. Should Payper fail to realize its objectives regarding the volume of the employers and workers database, the turnover could be negatively impacted.

### **Financing**

On 1 November 2016 Payper issued 2,339 subordinated bonds with a par value of € 1,000. The term of this subordinated debt is 6 years. No redemptions are made during the term.

Payper repaid in 2019 the last part of the long term loan given by MKB Impulsfonds according to plan.

Payper has a current credit facility with ABN AMRO Asset Based Finance N.V. (ABF) of € 8,5 million for funding the trade receivable balance. The solvency requirement set by ABF (Shareholders' equity + subordinated loans – intangible fixed assets – deferred corporation tax – shareholders loans) / (balance sheet total – intangible fixed assets – deferred corporation tax – shareholders loans) set at 15% was not met in 2018 and 2019. Although Payper did not meet this covenant ABF confirmed in January 2020 the continuation the current credit facility.

Due to the negative result in 2019 in combination with the impact of COVID-19 on the revenue of Payper, Payper had to renegotiate the terms of condition of this credit facility. On the 2nd of July 2020 ABF reduced the credit facility to € 8.5 million. This facility will be more than sufficient to support the business of Payper. The solvency requirement set by ABF is reduced to 11% by the end of 2020 and 15% by the end of 2021. Based upon the current development of Payper, downsizing of the organization and substantial lower balance total, we do expect to meet this requirement.

#### **Acquisitions**

In 2018 Payper decided that the future growth of the company would be realized by expanding the provision of services in HR automation. This decision has led to a lower priority being put on the acquisition of external payroll organizations.

### **III. OPERATIONAL RISKS**

#### **Client dependency**

Among Payper's clients are two large temporary employment agencies. Together, these two agencies represent about 20% of group turnover. In the event that the turnover generated by both agencies should be terminated, the negative impact on the operational result would be approximately €400,000. In October 2015 Payper entered into a five-year exclusive partnership agreement with one of the two agencies. As a consequence of that agreement the above-mentioned dependence was considerably reduced.

#### **Dubious debtors risk**

Once Payper has taken over the role of legal employer from its clients, the risk of bad debts becomes substantial. Payper has become solely responsible for the entire personnel administration and with that for the payment of salaries and other benefits to the employees. The related risks may put pressure on Payper's growth objectives. To limit the dubious debtors risk, Payper only accepts clients that can be insured.

#### **Absenteeism risk**

Taking over the legal employership also means that the absenteeism risk is transferred to Payper. Sickness absence in 2019 amounted to 0.9% of the total gross wages (2018: 1.2%). An increase in sickness absence could have unfavourable consequences for the profit margin and with that on the profitability of Payper. Payper employs an absenteeism manager to limit this risk.

#### **Dismissal risk**

Dismissal risk concerns the costs of continued payment of personnel as a result of an

(as yet) ongoing employment contract whereas the client has indicated that the services of the worker in question are no longer wanted. As of 1 January 2020 every worker is entitled to transition compensation the moment the employment contract has been terminated by the employer.

It is quite possible that an increasing number of clients will choose to transfer the dismissal risk to Payper. Despite the fact that clients pay a surcharge for this, dismissal risk in the event of significant rounds of dismissals could have a negative impact on Payper's gross profit margin.

#### **Information Technology/automation risk**

Good automation systems and the use of advanced technological solutions are and will continue to be crucial for Payper's success. Payper invested substantially in the automation of its core processes as of the year 2016. The total investment in 2019 amounted to €754,000. As of 2020 no major investments are to be expected for the development of PayperOne.

### **IV. FINANCIAL RISKS**

#### **Liquidity risk**

In 2020 ABN AMRO Asset Based Finance N.V. reduced the credit facility to € 8,5 million. This facility will be sufficient to support the expected business of 2020 and 2021. To reduce the liquidity risk of Payper, Payper has sold two subsidiaries in 2020. As of 2020 no new funding will be necessary for the development of Payperone.

### **V. RISKS IN CONNECTION WITH COMPLIANCE**

#### **Non-compliance**

Payper must comply with the specific rules and regulations governing employees in the various sectors in which they are employed. Failure to comply with such rules and regulations may lead to sanctions that could negatively affect Payper's turnover.

### **VI. HEALTH RISKS**

In connection with the COVID-19-virus outbreak, we have implemented precautions and rules based on the recommendations of official health authorities, such as the World Health Organization (WHO) and the RIVM in the Netherlands. In this way we strive to minimize the health risks for our employees, suppliers and customers.



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# FINANCIAL STATEMENTS 2019

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## ON THE NEXT PAGES YOU WILL FIND THE RESULTS OF PAYPER B.V. FOR THE 2019 FINANCIAL YEAR

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This financial report consists of the following parts:

- Consolidated statement of financial position as at 31 December 2019
- Consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2019
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes to the consolidated financial statements
- Notes to the consolidated statement of financial position as at 31 December 2019
- Notes to the consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2019
- Company balance sheet as at 31 December 2019
- Company statement of profit or loss and other comprehensive income for the year ended 31 December 2019
- Notes to the company financial statements

Other information

- Articles of association regarding profit distribution
- Independent auditors report

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-12-2019 €	31-12-2018 €
<b>Non-current assets</b>			
Intangible assets	1	2,972,778	2,442,373
Property, Plant & Equipment	2	256,087	291,946
Right-of-use asset	3	243,010	484,791
Financial non-current assets	4	218,994	720,310
<b>Current assets</b>			
<b>Accounts receivables</b>			
Trade receivables	5	12,338,879	12,913,254
Shareholder(s) receivables		324,060	394,207
Other receivables and accrued income	6	1,325,838	1,374,412
		<b>13,988,777</b>	<b>14,421,873</b>
Cash and cash equivalents	7	1,878,900	140,608
<b>TOTAL ASSETS</b>		<b>19,558,546</b>	<b>18,761,900</b>
<b>Equity</b>			
Share capital	8	1,250,000	1,250,000
Retained earnings	9	745,445	682,087
Profit for the year	10	-610,441	63,358
		<b>1,385,004</b>	<b>1,995,445</b>
Borrowings and other non-current liabilities	11	2,318,124	2,468,123
<b>Current liabilities</b>			
Accounts payables		1,403,617	866,333
Debt to credit institutions	12	8,949,808	6,458,030
Tax and social security liabilities	13	2,128,907	1,794,639
Other liabilities and accrued expenses	14	3,373,086	5,179,330
		<b>15,855,418</b>	<b>14,298,332</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,558,546</b>	<b>18,761,900</b>

## CONSOLIDATED STATEMENT OF PROFIT OF LOSS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	31-12-2019 €	31-12-2018 €
Revenue	15	76,067,443	76,780,171
Cost of sales	15	71,682,100	72,065,787
<b>Gross profit</b>		<b>4,385,343</b>	<b>4,714,384</b>
Sales expenses		119,466	204,546
Administrative expenses		4,334,026	3,579,789
<b>Total operating expenses</b>		<b>4,453,482</b>	<b>3,784,335</b>
<b>EBITA</b>		<b>(68,146)</b>	<b>930,049</b>
Amortization expenses	16	223,587	171,442
<b>Operating profit (EBIT)</b>		<b>(291,733)</b>	<b>758,607</b>
Finance income	17	54,513	44,517
Finance expenses	18	(533,795)	(718,770)
<b>Profit before tax</b>		<b>(771,015)</b>	<b>84,354</b>
Income tax	19	160,574	(20,996)
Profit from investments in associates		-	-
<b>After tax profit attributable to shareholder(s)</b>		<b>(610,441)</b>	<b>63,358</b>

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €	2018 €
<b>After tax profit</b>	(610,441)	63,358
Items that will not be reclassified subsequently to profit or loss	-	-
<b>Total comprehensive income</b>	<b>(610,441)</b>	<b>63,358</b>
<b>Total comprehensive income attributable to shareholders</b>	<b>(610,441)</b>	<b>63,358</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDEND 31 DECEMBER 2019

	2020	2019
	€	€
<b>Cash flow from operating activities</b>		
Operating profit (EBIT)	-291,733	758,607
<b>Adjustments for:</b>		
Depreciation (in)tangible assets	300.376	237.789
<b>Movements in working capital</b>		
- trade receivables	574.375	489.825
- shareholder receivables	70.147	-312.530
- tax and social security liabilities	308.731	-1.115.577
- other receivables	48.574	-101.274
- accounts payable	537.284	-280.753
- other liabilities	-1.593.150	83.722
	-54.039	-1.236.587
	-45.396	-240.191
Net of interest income and expenses	-479.282	-674.253
Income taxed paid	-3.550	-20.996
	-482.832	-695.249
<b>Cash flow from operating activities</b>	<b>-528.228</b>	<b>-935.440</b>
<b>Cash flow from investing activities</b>		
Investments in intangible assets	-753.952	-514.555
Investments in tangible assets	-40.930	-184.193
Investments in non current financial assets	0	-603.840
Repayments of non current financial assets	681.240	494.000
<b>Cash flow from investing activities</b>	<b>-113.642</b>	<b>-808.588</b>
	-641.870	-1.744.028
<b>Cash flow from financing activities</b>		
Increase longterm liabilities	-23.857	22.719
Decrease longterm liabilities	-149.999	-494.487
Increase liability to credit institutions	2.554.018	1.653.985
<b>Cash flow from financing activities</b>	<b>2.380.162</b>	<b>1.182.217</b>
	1.738.292	-561.811
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>1.738.292</b>	<b>-561.811</b>
The movement in cash and cash equivalents is as follows:		
Cash and cash equivalents at the beginning of the year	140.608	702.419
Cash and cash equivalents at the end of the year	1.878.900	140.608
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>1.738.292</b>	<b>-561.811</b>

\* Cash and cash equivalents consists of cash and bank balances

## CONSOLIDATED STATEMENT OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Retained earnings	Profit for the year	Total equity
<b>Prior to profit distribution in €</b>				
Balance at beginning of the year	1,250,000	682,087	63,358	1,995,445
Total comprehensive income for the year	-	-	(610,441)	(610,441)
Profit distribution previous year	-	63,358	(63,358)	-
<b>Total (un)realized profit</b>	-	63,358	(610,441)	(610,441)
<b>Balance at end of the year</b>	<b>1,250,000</b>	<b>745,445</b>	<b>(610,441)</b>	<b>1,385,004</b>

## CONSOLIDATED STATEMENT OF EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Retained earnings	Profit for the year	Total equity
<b>Prior to profit distribution in €</b>				
Balance at beginning of the year	1,250,000	689,563	(7,476)	1,932,087
Total comprehensive income for the year	-	-	63,358	63,358
Profit distribution previous year	-	(7,476)	7,476	-
<b>Total (un)realized profit</b>	-	(7,476)	63,358	63,358
<b>Balance at end of the year</b>	<b>1,250,000</b>	<b>682,087</b>	<b>63,358</b>	<b>1,995,445</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### General information

#### The company and her subsidiaries

The activities of Payper B.V. (Number in Chamber of Commerce 59296534), incorporated and registered in Breda, Lage Mosten 11, and her subsidiaries primarily consist of payroll, backoffice services and HR management.

These consolidated financial statements are prepared by the Directors and signed on September 30, 2020. The 2019 financial statements will be presented to the general shareholder meeting.

#### Going concern

The organization had a negative result in 2019 and did not meet the covenant ratio's of ABN AMRO Asset Based Finance N.V. By the end of 2019 Payper took some austerity measures to improve the financial performance.

Due to the outbreak of the COVID-19-virus and the resulting COVID-19-crisis in combination with the effect of "Wet Arbeidsmarkt in Balans" (WAB) the invoiced revenue of Payper has fallen with 66% in the first half year of 2020 in comparison with the same period in 2019. As a result Payper took measurements in the organization to align the operation with this lower volume of revenue. Payper made use of the governmental financial support to cope with the COVID-19-crisis, NOW 1.0 and NOW 2.0.

Looking forward, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus have already significantly affected our business in the first six months of 2020. We see that COVID-19 had a negative effect on the revenue of temporary agencies in all markets where Payper is delivering services. All markets where Payper is delivering services. To become less depended on the current revenue model Payper started already in 2019 to commercialize the developed software (PayperOne) to be able to generate high margin revenue with low risk and low impact on the cash flow of the organization.

Although the decrease in revenue is substantial we expect to achieve a positive result for 2020 due to the fact that Payper already took austerity measures by the end of 2019 to improve the financial performance and the financial supporting measurements given by the government. This taken into consideration that there will not be a total lockdown in 2020. Due to the fact that Payper did not meet the covenant ratio's of ABN Amro based Finance N.V. in 2019, Payper was renegotiating the finance facility and conditions. Based upon the performance of the first months of 2020 in combination with the measurements

taken by Payper a new financing facility has been given on the 2nd of July 2020. The total facility has been reduced to € 8,5 million which is more than adequate for the business of Payper 2020 and 2021.

If due to COVID-19, a new lock down period will be announced without financial supporting measurements given by government the continuity of Payper could become at risk. Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is warranted, but that there is a material uncertainty resulting from COVID-19 that may cast significant doubt upon the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

#### Amendment to IFRS Standards and Interpretations

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any significant impact on the disclosures or on the amounts reported in these financial statements.

#### IFRS 9 Amendment Prepayment Features with Negative Compensation

The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

#### Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The Group has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

IFRIC 23 Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments.

The Interpretation requires the Group to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

**New and revised standards in issue but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 3 Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of material
- The conceptual framework for financial reporting

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

#### IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

#### IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

#### Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

#### Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

### Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.



## SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The consolidated financial statements and notes are prepared in accordance with International Financial Reporting Standards (IFRS Standards) as adopted by the European Union up to 31 December 2019.

The financial statements have been prepared on the historical cost basis to the extent which the IFRS do not prescribe a different method for valuation and profit determination.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value-in-use in IAS 36 Impairment of Assets.

The financial year of Payper B.V. starts on 1 January and ends on 31 December of the corresponding year.

The reporting currency of the financial statements is EURO. The functional currency of Payper B.V. is EURO as well.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

The consolidated financial statements comprise the accounts of the Company and the following entities:

<b>Consolidated entities:</b>	<b>Percentage ownership:</b>	<b>Statutory seated</b>
• PAYPER SUPPORT B.V.	100%	Breda
• Payper Payroll B.V. and her investments in:	100%	Breda
Co-Contracting B.V.	100%	Breda
Payper Intermediairs B.V.	100%	Breda
Payper Retail B.V.	100%	Breda
Payper Logistiek B.V.	100%	Breda
Payper Beveiligingen B.V.	100%	Breda
Payper Zorg B.V.	100%	Breda
Payper Horeca B.V.	100%	Breda
Payper Industrie B.V.	100%	Breda
Payper Zakelijke Dienstverlening B.V.	100%	Breda
Payper Employability B.V.	100%	Breda
• Payper Labs B.V.	100%	Breda
• Co-Flex GmbH	100%	Kleve, Germany
• Co-Contracting GmbH	100%	Kleve, Germany
• Co-Flex TPF B.V. and her investments in	100%	Breda
Co-Contracting B.V.	100%	Breda

Hereafter, Payper B.V. and its subsidiaries will be referred to as Payper or Group, unless stated otherwise.

Payper B.V. is the parent company of the Group.

### **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

### **Related parties**

Parties are related if one has control, or joint control, or significant influence over the other. Significant influence is relevant when it relates to financial or operating decisions. Parties are also related when they are under the common control of another entity.

The related parties for Payper B.V. can be grouped as the group companies, the subsidiaries, the members of board of directors, shareholders and other close affiliates.

### **Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under

IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Payper has investments in legal entities which are mainly incorporated and registered in The Netherlands, whom use the EURO as functional and reporting currency.

### Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

### Financial instruments

Financial instruments include primary financial instruments, such as receivables and payables. The accounting policies for the primary financial instruments are reported at the notes to the individual accounts. Payper does not use financial derivatives.

### Accounting estimations and assumptions

In preparing the 2019 consolidated financial statements of Payper, the directors are required to make judgements and estimations which could have a significant impact on the amounts recognized in the financial statements, and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not recognized in the financial statements. Actual results may differ from these estimates.

The estimates and associated assumptions used in the financial statements are based on historical experience and other factors that are considered to be relevant, and provide the fairest possible view of the projected future of Payper. Management believes that there is a reasonable basis for all assumptions, expectations and estimations. Estimations are based on known and unknown risks, uncertainties and other factors. Therefore, actual results may differ from these estimates.

### Fair value measurement and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2: inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);  
Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). For this level Payper uses generally accepted valuation models.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below:

### Intangible assets

The fair value of Intangible assets acquired in business combinations is based on the expected cash flows from use of the assets (level 3).

### Property, Plant and Equipment

The fair value of Property, Plant and Equipment acquired in business combinations is based on market value. The market value is the estimated consideration at which the assets could be transferred between a well-informed buyer and seller in a orderly business transaction between 3rd parties (level 3).

### Financial instruments (includes accounts receivable and accounts payable)

The accounts receivable and accounts payable are initially recorded at fair value and subsequently amortized at cost using the effective interest rate method, and net of any impairment loss. The impairment is determined on the basis of individual judgement of receivables. Commissions and discounts at the moment of acquisition are taken into account in determining the effective interest rate (Level 3).

### Impairment of tangible and intangible assets (excluding goodwill)

At each reporting date, the Group reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss.

An impairment loss occurs when the recoverable amount is estimated to be lower than the carrying amount. Recoverable amount is the higher of fair value less costs of disposal and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

The most important estimations in determining the recoverable amount are the discount rate, remaining economic life, growth percentage used in cashflow predictions, operational costs, future gross margins and residual value (if applicable).

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Goodwill impairments cannot be reversed.

### Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## BASIS OF ACCOUNTING FOR THE VALUATION OF ASSETS, LIABILITIES AND EQUITY

### Intangible assets

Intangible assets include goodwill, internally-developed software and other intangible assets.

### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortised but is reviewed for impairment at least annually. An impairment loss recognised for goodwill is not reversed in a subsequent period.

### Internally-generated intangible assets – research and development expenditures

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditures on research activities are recognised as an expense in the period in which they are incurred. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised separately in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortization percentages used from the date on which the intangible asset is used are:

Goodwill	0%
Development expenditures	20%

### Property, plant and equipment

Property, plant and equipment includes equipment & fixtures and lease right-of-use assets. Equipment & fixtures are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is based on the estimated economic life and calculated using a fixed percentage, taking into account any residual value. Depreciation starts on the date the assets is being used for the first time.

The lease right-of-use asset will be depreciated over the period of the lease contract. The right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets.

The depreciation percentage for Property, plant and equipment is 20%, except for lease right-of-use assets which are depreciated over the lease contract. Depreciation expenses are reported as administrative expenses.

### Financial non-current assets

The debt instruments are classified at amortized cost. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method. Interest income is recognised in profit or loss and is included in the "finance income".

### Accounts receivable

The trade receivables and other accounts receivable are initially recorded at fair value and subsequently valued at amortized cost, which is equal to the nominal value, including a loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated based on individual judgement of receivables.

### Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and call deposits with an initial maturity of 3 months or less, net of outstanding bank overdrafts. Cash and cash equivalents are valued at nominal value. Given the short-term characteristics of cash and cash equivalents, the nominal value is basically equal to the fair value. Cash and bank balances are on free demand except when notes otherwise in the notes to the financial statements.

### Equity

Financial instruments issued are classified as either share capital or financial liabilities in accordance with the economic substance of the contractual terms of the instruments. Issued ordinary shares are classified in Share capital. Costs directly attributable to the issuance of ordinary shares are, after deduction of any taxes, deducted from share capital.



### **Borrowings and other non-current liabilities**

Borrowings and other non-current liabilities, with the exception of lease obligations, contain debt to financial institutions and other non-current liabilities and obligations. Borrowings and other non-current liabilities are recognized initially at fair value, less transaction costs that are directly attributable to the issuance of these borrowings. Subsequent to initial recognition, borrowings are stated at amortized cost, any differences between the book value and the nominal value is recognized in the income statement over the period of the borrowings using the effective interest method. Transaction costs are reported in the income statement over the time till maturity using the effective interest rate method.

For all leases, except short-term and low-value assets leases, a right-of-use asset and lease liability is recorded in the consolidated statement of financial position, initially measured at the present value of future lease payments. In subsequent periods, depreciation is recognized on the right-of-use asset and interest on the lease liability in the consolidated statement of profit or loss. The lease payments will be separated in a principal and interest portion, which are reported separately in the consolidated statement of cash flows (financing activities and operating activities respectively). Right-of-use assets are tested for impairment at least annually.

Short-term leases (lease term of 12 months or less) and leases of low-value assets are recognized as a lease expense on a straight-line basis.

### **Social security and other accrued personnel expenses**

Payper has social security plans. The social security plans are financed by contributions to pension providers, namely sector pensionfunds and insurance companies. The social security plans are defined contribution plans.

### **Defined contribution plans**

The assets of the defined contribution plans are held separately from those of the Group in funds under the control of trustees. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Payper has no legal or factual obligation if the pension funds have insufficient assets. The plans do not expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The pension contributions are reported in the statement of profit or loss as personnel expenses in the year they are incurred.

Accrued contributions are reported as an asset to the extent this results in a cash reimbursement or an adjustment of future contributions. Contributions to a defined contribution plan payable after more than 12 months after the end of the period in which the employee conducted the related performance are discounted to their present value.

### **Other payables resulted from personnel benefits**

In accordance with applicable legal requirements, the Group recognizes liabilities for several other long-term employee benefit plans.

### **Deferred tax assets and liabilities**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are reported at nominal value.

### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### **Trade and other payables**

Trade payables are non-interest bearing payables and are initially reported at fair value, being the expected value at which the payable will be settled.

The other payables are also valued at fair value. After initial recognition, trade and other payables are valued at amortized cost.

## **Basis of accounting for profit and loss**

### **Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Revenue comprises the expected consideration for services rendered during the year to third parties and is recognized when control of the promised service is transferred to the third party (e.g., the client). A performance obligation is a promise in a contract to transfer a distinct service to the client. When the outcome of the contract cannot be measured reliably, revenue is recognized only to the extent that expenses incurred are eligible to be recovered. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration.

Revenue from services rendered is recognized over time and includes the amounts received or receivable for the services delivered, including their salary and salary-related employment costs (gross basis). These revenues are generally based on the number of hours worked by these employees. The salary and salary-related employment costs of these candidates are reported under cost of services. Revenue from services rendered is recognized in the income statement in proportion to the progress in execution of the contract as of the balance sheet date. Progress in execution of the contract is measured on the basis of costs (mainly hours) incurred to date as a percentage of total estimated costs for each contract.

In situations where the Group is the principal in a transaction and thus controls a promised service before transferring that service to the client, the transaction is recorded gross in the statement of comprehensive income.

### **Cost of sales**

Cost of sales are direct and indirect costs related to the revenue, including personnel expenses, social security expenses, pension plan contributions, study costs, cost of hired personnel and costs for hiring intermediaries.

### **Sales expenses**

The sales expenses consists of costs incurred by the headoffice to support the sales activities including marketing costs and costs incurred in promotional activities.

### **Administrative expenses**

Administrative expenses include costs incurred to control the daily activities of the Group.

## **Finance income and costs**

The finance income comprises the interest income on invested amounts. The finance costs comprises, amongst other things, the interest on retrieved funds, interest on financial leases and financing costs on provisions and obligations.

Finance income and costs are reported in the statement of profit or loss using the effective interest rate method.

## **Taxation**

The income tax expense represents the sum of the current income tax payable and deferred income tax, taking into account items excluded from taxation. The current tax expense is based on taxable profit for the year. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

The Group's liability for current and deferred tax is the expected tax payable over the profit for the year reported in the financial statements, calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

The consolidated statement of cash flows is prepared according to the indirect method. Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The cash flows are divided in cash flows from operations, investing activities and financing activities.

Cash flows in foreign currencies are translated at the rates used in the statement of profit or loss. Income tax cash flows are presented in the cash flow from operations. Interest receipts and payments are presented in the cash flow from investing activities and financing activities respectively. Dividend paid are reported in the cash flow from financing activities.

Lease payments made under finance lease agreements are presented as a payment in the cash flow from investing activities. Transactions in which no exchange of cash occur are not included in the consolidated statement of cash flows.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Interest- and cashflow risk management

Payper is exposed to interest risk on the interest bearing receivables (especially financial non-current assets) and interest bearing non-current and current debt.

Receivables and payables with variable interest terms subject Payper to risks regarding future cash flows; receivables and payables with fixed interest rates subject Payper to fair value risks as a result of changes in the market interest rate. The management of Payper believes the current distribution in fixed/variable interest is sufficient to mitigate these risks as much as possible.

### Credit risk management

Payper B.V. has about 566 clients. The Group does not have significant credit risk exposure to any single customer. To limit the credit risk exposure as much as possible, a thorough creditworthiness test is conducted before a potential client is accepted.

### Liquidity risk management

Payper using multiple credit institutions which limits the dependency on a single credit institution. The current credit facility is sufficient to support the business. For details of the credit facility we refer to Financing on page 70.



## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

### 1. Intangible assets

	Goodwill	Development expenditures	Total
	€	€	€
Carrying amount 1 January 2019	1,324,435	1,117,938	2,442,373
Investments	-	753,992	753,952
Amortization	-	(223,587)	(223,587)
<b>Carrying amount 31 December 2019</b>	<b>1,324,435</b>	<b>1,648,343</b>	<b>2,972,778</b>
Acquisition value 31-12-2019	1,324,435	2,125,759	3,450,194
Cumulative amortization	-	(477,416)	(477,416)
<b>Carrying amount 31 December 2019</b>	<b>1,324,435</b>	<b>1,648,343</b>	<b>2,972,778</b>
The amortization percentage is:	0%	20%	

### IMPAIRMENT

The annual impairment test carried out by Payper for 2019 resulted in no impairments.

Key assumptions in the cash flow projections are:

- discount rate (18.0% (unlevered))
- growth percentage of the future revenue (2020: range from -20% to -10%; 2021-2025: range from 10% to 5%)
- gross margin (range from 6.4% to 6.5%)
- EBITDA (range from 1.91% to 3.71%)

The outcome of impairment testing is sensitive to variations in estimates and assumptions.

Due to the outbreak of the COVID-19-virus and the resulting COVID-19-crisis in combination with the effect of "Wet Arbeidsmarkt in Balans" the revenue of Payper has fallen with 66% in the first half year of 2020 in comparison with the same period in 2019. These subsequent events will have impact on the assumptions and cash flow forecasts used to test for impairment in 2019.

Development expenditures are related to the internally developed PayperOne platform.

### Intangible assets

	Goodwill	Development expenditures	Total
	€	€	€
Carrying amount 1 January 2018	1,324,435	774,825	2,099,260
Investments	-	514,555	514,555
Amortization	-	(171,442)	(171,442)
<b>Carrying amount 31 December 2018</b>	<b>1,324,435</b>	<b>1,117,938</b>	<b>2,442,373</b>
Acquisition value 31-12-2018		1,371,767	2,696,202
Cumulative amortization	-	(253,829)	(253,829)
<b>Carrying amount 31 December 2018</b>	<b>1,324,435</b>	<b>1,117,938</b>	<b>2,442,373</b>
The amortization percentage is:	0%	20%	

### 2. Property, plant and equipment

	Equipment & Fixtures
	€
Carrying amount 1 January 2019	291,946
Investments	40,930
Depreciation	(76,789)
<b>Carrying amount 31 December 2019</b>	<b>256,087</b>
Acquisition value 31 December 2019	614,363
Cumulative depreciation	(358,276)
<b>Carrying amount 31 December 2019</b>	<b>256,087</b>
The depreciation percentages are:	20%

### Property, plant and equipment

	Equipment & Fixtures
	€
Carrying amount 1 January 2018	174,100
Investments	184,193
Depreciation	(66,347)
<b>Carrying amount 31 December 2018</b>	<b>291,946</b>
Acquisition value 31 December 2018	573,433
Cumulative depreciation	(281,487)
<b>Carrying amount 31 December 2018</b>	<b>291,946</b>
The depreciation percentages are:	20%

### 3. Right-of-use asset

	Right-of-use asset 2019	Right-of-use asset 2018
	€	€
Carrying amount 1 January 2019	484,791	Carrying amount 1 January 2018 -
Investments	-	Investments 694,567
Depreciation	(241,781)	Depreciation (209,776)
<b>Carrying amount 31 December 2019</b>	<b>243,010</b>	<b>Carrying amount 31 December 2018 484,791</b>
Acquisition value 31 December 2019	694,567	Acquisition value 31 December 2018 694,567
Cumulative depreciation	(451,557)	Cumulative depreciation (209,776)
<b>Carrying amount 31 December 2019</b>	<b>243,010</b>	<b>Carrying amount 31 December 2018 484,791</b>
The depreciation percentages are:	30.2%	The depreciation percentages are: 30,2%

#### 4. Financial non-current assets

	2019	2018
	€	€
Other receivables	-	696,585
Deferred tax assets	218,994	23,725
	<b>218,994</b>	<b>720,310</b>

<b>Other receivables</b>	2019	2018
	€	€
Other receivables	275,345	956,585

<b>Movements in other receivables</b>	2019	2018
	€	€
Balance at 1 January	956,585	1,071,048
Loans issued	-	319,537
Interest	54,513	60,000
Repayments	(735,753)	(494,000)
	275,345	956,585
Classified as current other receivables	(275,345)	(260,000)
<b>Balance at 31 December</b>	<b>-</b>	<b>696,585</b>

<b>Movements in deferred tax assets</b>	2019	2018
	€	€
Balance at 1 January	23,725	23,725
Change reporting year	195,269	-
<b>Balance at 31 December</b>	<b>218,994</b>	<b>23,725</b>

#### 5. Trade receivables

	2019	2018
	€	€
Trade receivables	12,610,595	13,065,678
Provision	(271,716)	(152,424)
	12,338,879	12,913,254

(\*) The provision for trade receivables is estimated by management at year end taken into consideration payment behaviour and amount covered by the insurance company.

#### CURRENT ASSETS

##### 6. Other receivables and accrued income

	2019	2018
	€	€
Other receivables	575,667	897,242
Accrued income	750,171	477,170
	<b>1,325,838</b>	<b>1,374,412</b>

##### 7. Cash and cash equivalents

	2019	2018
	€	€
ABN AMRO Bank	1,861,778	122,275
Other	17,122	18,333
	<b>1,878,900</b>	<b>140,608</b>

The reported cash and cash equivalents at 31 December 2019 are on free demand, except for the ABN AMRO Bank G-account amounting €531,152 (2018: €122,275).

#### EQUITY

##### 8. Share capital

The share capital of Payper B.V. amounts to €1,250,000, divided in 12,500 ordinary shares with a nominal value of €100 each. All shares are issued and fully paid.

##### 9. Retained earnings

	2019	2018
	€	€
Balance at 1 January	682,087	689,563
Profit distribution previous year	63,358	(7,476)
<b>Balance at 31 December</b>	<b>745,445</b>	<b>682,087</b>

## 10. Profit for the year

	2019	2018
	€	€
Balance at 1 January	63,358	(7,476)
Total profit for the year	(610,441)	63,358
Profit distribution previous year	63,358	(7,476)
Balance at 31 December	<b>(610,441)</b>	<b>63,358</b>

The undistributed profit is compromised by the amount of profit not distributed to shareholders. The amount is available to the shareholders.

## 11. Borrowings and other non-current liabilities

	Total €	Duration >1 year	Duration >5 year	Interest %
Stichting Obligatiehoudersbelangen (*)	-	2,254,822	-	8.1
Lease Liability	-	63,302	-	2
	-	2,318,124	-	

(\*) On 1 November 2016 Payper issued 2,339 subordinate bonds with a nominal value of €1,000 each. The bond matures 6 years after issuance, the interest rate is 7.5%. No principal payments are made before maturity. The total transaction costs (costs for prospectus, AFM and successfee NPEX) amount €173,305. These are deducted on the bond and are accounted for in the profit or loss over 72 months. The effective interest rate is 8.1%. The coupon rate of 7.5% is distributed in monthly payments.

### Pledged guarantees

The debt to Stichting Obligatiehoudersbelangen is subordinate of the loan to ABN AMRO Asset Based Finance N.V. The receivables of the entities connected to the Group are pledged as collateral to ABN AMRO Asset Based Finance N.V..

### Financing

The current credit facility to fund the trade receivables, given by ABN AMRO Asset Based Finance N.V., amounts € 15 million. As of the 2nd of July 2020 this amount has been reduced towards € 8.5 million. This lower credit facility will be sufficient to support the current and near future business activities of Payper B.V.

## CURRENT LIABILITIES

### 12. Debt to credit institutions

	31-12-2019 €	31-12-2018 €
ABN Amro Asset Based Finance N.V. (*)	8,760,571	5,894,053
MKB Impulsfonds (**)	-	312,500
Lease liability	189,404	251,477
	<b>8,949,808</b>	<b>6,458,030</b>

(\*) On 1 November 2016 Payper B.V. issued a subordinate bond. The €375,000 subordinate bond of shareholder(s) has been converted in a subordinate bond of €200,000 and a pay out of €175,000 after consultation with ABN AMRO Asset Based Finance N.V. and MKB Impulsfond

(\*\*) On 31 December 2019 Payper B.V. repaid the last part of the long term debt.

### 13. Tax and social security liabilities

	31-12-2019 €	31-12-2018 €
Corporation tax	27,817	2,280
Payroll tax	484,271	902,086
Value added tax	1,190,341	717,824
Pension contributions	426,478	172,449
	<b>2,128,907</b>	<b>1,794,639</b>

### 14. Other liabilities and deferred expenses

	31-12-2019 €	31-12-2018 €
Holiday benefits payable	2,079,645	2,961,949
Net wages payable	983,560	977,790
Performance obligation intermediairs (*)	-	980,952
Others	309,881	258,639
	<b>3,373,086</b>	<b>5,179,330</b>

(\*) As of 2019 classified under accounts payables

## Subsequent Events

Due to the outbreak of the COVID-19-virus and the resulting COVID-19-crisis in combination with the effect of "Wet Arbeidsmarkt in Balans" the revenue of Payper has

fallen with 66% in the first half year of 2020 in comparison with the same period in 2019. As a result Payper took measurements in the organization to align the operation with this lower volume of revenue. Payper made use of the governmental financial support to cope with the COVID-19-crisis, NOW 1.0 and NOW 2.0.

Although the decrease in revenue is substantial we expect to achieve a positive result for 2020 due to the fact that Payper already took austerity measures by the end of 2019 to improve the financial performance. This taken into consideration that there will not be a total lockdown in 2020.

Due to the fact that Payper did not meet the covenant ratio's of ABN Amro based Finance N.V. in 2019 Payper was renegotiating the finance facility and conditions. Based upon the performance of the first months of 2020 in combination with the measurements taken by Payper a new financing facility has been given on the 2nd of July 2020. The total facility has been reduced to € 8,5 million which is more than adequate for the business of Payper 2020 and 2021.

On the 1st of July 2020 Payper has sold the backoffice activities in two subsidiaries "Co-Flex TPF B.V." an "Co-Contracting TPF B.V.". As a result of this transaction the business as of the 1st of June 2020 of these two subsidiaries will not be part of the Payper Group. The transaction has been made against equity value. Due to the fact that the financial performance of the two subsidiaries was very low this transaction will not have a negative effect on the financial performance of Payper for the coming years.

## ASSETS AND LIABILITIES NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

### Pledged guarantees

The shareholders have pledged guaranteed deposits with a combined value of €75,000.

### The Wages and Salaries Tax and Social Security Contributions Act

On the basis of the Liability of Subcontractors Act, The Group is jointly and severally liable for payment of social security schemes and wage- and income tax when outsourcing operations or hiring employees.

### Disputes with the Dutch tax authority

Payper Horeca B.V. has received additional tax assessments over the year 2014 up until 2016 with concerning improper sector contribution in the tax returns with a combined value of €558,000. Payper Horeca B.V. has consulted fiscal legal advice and objected the additional assessments because they were determined on incorrect grounds.



## NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

### 15. Revenue

Geographical segmentation of revenue		
	2019	2018
	€	€
The Netherlands	73,453,352	75,198,644
Others within the EU	2,614,091	1,581,527
	<b>76,067,443</b>	<b>76,780,171</b>

Business activity segmentation of revenue		
	2019	2018
	€	€
Backoffice activities intermediaries	54,754,481	59,779,268
Payroll activities	21,307,339	16,952,588
Administrative services	5,623	48,315
	<b>76,067,443</b>	<b>76,780,171</b>

Cost of sales		
	2019	2018
	€	€
Personnel costs	51,214,013	54,436,021
Margin intermediaries	11,205,188	14,157,225
Other direct related costs	9,262,899	3,472,541
	<b>71,682,100</b>	<b>72,065,787</b>

Personnel costs		
	2019	2018
	€	€
Wages and salaries	42,997,493	47,402,915
Social security	8,302,294	7,745,111
Pension contributions	1,328,706	1,021,202
	<b>52,628,493</b>	<b>56,169,228</b>

The Group had on average 1,536 employees in 2019 (2018: 1,694). This includes 27 indirect (support) employees (2018: 26). Of the total wages and salaries, €1,414,480 (2018: €1,733,207) is recognised in administrative expenses. Payper annually reserves 1.02% of the gross wages and salaries as costs for training and education for Phase A employees (ABU) and Phase 1 & 2 employees (NBBU). The total reserved amount for 2019 is €297,750 (2018: €286,074), the actual expenditure for the year is €356,818 (2018: €297,750).

The management remuneration for directors and former directors amounted to €503,400 (2018: €503,400). The remuneration for the external auditor for the audit of the financial statements amounted €65,000 (2018: €37,500).

Depreciation fixed assets	2019	2018
	€	€
Equipment & Fixtures	76,789	66,347
Right-of-use asset	241,781	209,776
	<b>318,570</b>	<b>276,123</b>

### 16. Amortization intangible assets

	2019	2018
	€	€
Development costs	223,587	171,442

### 17. Finance income

	2019	2018
	€	€
Intermediaries	54,513	44,517
	<b>54,513</b>	<b>44,517</b>

### 18. Finance expenses

	2019	2018
	€	€
Bond holders	(205,134)	(201,360)
MKB Impulsfonds	(16,340)	(42,990)
ABN AMRO Commercial Finance N.V.	(270,260)	(330,125)
Others	(42,061)	(144,295)
	<b>(533,795)</b>	<b>(718,770)</b>

## 19. Income tax

Payper Payroll B.V. and her subsidiaries form a fiscal unity. Pursuant to the collection of State Taxes Act, the company and its subsidiary are both severally and jointly liable for the tax payable by the combination.

In the financial statements, tax expenses are calculated on the basis of the commercial result. Entities within the fiscal unity settle these expenses through their intercompany accounts.

	2019 €	2018 €
Current income tax	(34,695)	(20,996)
Deferred income tax	195,269	-
	<b>160,574</b>	<b>(20,996)</b>

		2019 €		2018 €
Profit before tax		(771,015)		84,354
Nominal tax rate	-20%	154,203	-20%	(16,870)
Other corrections	-	-	-	-
Prior year adjustments	1%	6371	-3%	(2,892)
Effective taxrate	21%	160,574	25%	(20,996)
		<b>160,574</b>		<b>(20,996)</b>

## TRANSACTIONS WITH RELATED PARTIES

€503,400 has been distributed as management remuneration to related parties in 2019.

The price determination of transactions with related parties has been conducted at arm's length.

### STATUTORY ARRANGEMENT REGARDING PROFIT DISTRIBUTION

According to the articles of association of the corporation, the profit is available to the Annual General Meeting of shareholders.

The corporation is only able to distribute profits to the extent which the equity is larger than the paid and redeemed part of the share capital, increased with the legal reserves.

### MANAGEMENT PROFIT DISTRIBUTION PROPOSAL

The management proposes to add the result to the retained earnings.

Signed by management,  
Breda, October 30, 2020

Payper B.V. ,  
On behalf of

Sequoia Beheer B.V.  
E.T. Schaap

Snoeren Management B.V.  
C.E.A.A. Snoeren

## COMPANY BALANCE SHEET AS OF 31 DECEMBER 2019

	Note	31-12-2019 €	31-12-2018 €
<b>Non-current assets</b>			
<b>Intangible assets</b>		<b>1,258,771</b>	<b>1,258,771</b>
<b>Financial non-current assets</b>	20	<b>761,653</b>	<b>1,591,228</b>
<b>Current assets</b>			
<b>Accounts receivables</b>		<b>3,372,131</b>	<b>4,532,037</b>
Current accounts group companies		3,057,838	4,149,111
Current accounts shareholder(s)		295,384	295,384
Other receivables and accrued income		18,909	87,542
<b>Cash and cash equivalents</b>		<b>228,855</b>	<b>83,880</b>
<b>TOTAL ASSETS</b>		<b>5,621,141</b>	<b>7,465,916</b>
<b>Equity</b>			
Share capital	21	1,250,000	1,250,000
Retained earnings	22	745,445	682,087
Profit for the year	23	(610,441)	63,358
		<b>1,385,004</b>	<b>1,995,445</b>
<b>Borrowings and other non-current liabilities</b>		<b>2,254,822</b>	<b>2,225,113</b>
<b>Current liabilities</b>			
Debt to credit institutions		-	312,500
Debt to group companies		2,000,474	2,910,203
Tax and social security liabilities		59,010	14,169
Other liabilities		(78,169)	8,486
		<b>1,981,315</b>	<b>3,245,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,621,141</b>	<b>7,465,916</b>

## COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €	2018 €
Share in profit of investments	-	23,676
Other income and expenses after tax	(610,441)	39,682
<b>After tax profit</b>	<b>(610,441)</b>	<b>63,358</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### Basis of accounting

The description of Group activities and structure, as included in the notes to the consolidated financial statements, also apply to the company financial statements.

The company financial statements of Payper B.V. have been prepared in accordance with the financial reporting requirements of Part 9, Book 2 of the Dutch Civil Code, except for where these requirements conflict with the International Financial Reporting Standards used to prepare the Consolidated Financial Statements. In such cases, the International Financial Reporting Standards prevail. Through application of article 2:362.8 BW, the basis of accounting used in valuation and profit determination are in accordance with those used in the consolidated financial statements. *(review)*

The reporting currency of the company financial statements is EURO. The financial information of Payper B.V. is processed in the consolidated financial statements and therefore, using article 2:402 BW, a shortened version of the statement of profit or loss and other comprehensive income is used in the company financial statements.

### Investments

Investments in Group entities in which it has the practical ability to direct the relevant activities of the investee unilaterally are valued at net equity basis, but never lower than €0,-. The net equity basis is determined on the basis of accounting of Payper B.V. as applied in the consolidated financial statements.

Investments with a negative net equity basis are valued at €0,-. When the Group has issued full or partially pledged guarantees for such an investment, a provision is formed which equals the amount with which the factual obligation of pledged guarantee in that investment can be fulfilled. In determining the amount of the provision, the previously recognised allowance for expected credit loss on the investments are considered.

## NOTES TO THE COMPANY BALANCE SHEET AS OF 31 DECEMBER 2019

### 20. Financial non-current assets

	Value as of 01-01-19	Dividend	Profit for the year	Carrying amount as of 31-12-19
	€	€	€	€
Payper Payroll B.V.	1,166,538	-	(654,092)	512,446
Payper Support B.V.	189,450	-	(22,253)	167,197
Co-Flex TPF B.V.	215,369	(209,471)	60,071	65,969
Payper Labs B.V.	19,871	-	(3,830)	16,041
<b>Carrying amount 31 December 2019</b>	<b>1,591,228</b>	<b>(209,471)</b>	<b>(620,104)</b>	<b>761,653</b>

### 21. Share Capital

The share capital of Payper B.V. amounts to €1,250,000, divided in 12,500 ordinary shares with a nominal value of €100 each. All shares are issued and fully paid.

### 22. Retained earnings

	2019	2018
	€	€
Value as of 1 January	682,087	689,563
Profit distribution previous year	63,358	(7,476)
<b>Balance as of 31 December</b>	<b>745,445</b>	<b>682,087</b>

### 23. Profit for the year

	2019	2018
	€	€
Balance as of 1 January	63,358	(7,476)
Total profit for the year	(610,441)	63,358
Profit distribution previous year	63,358	7,476
<b>Balance as of 31 December</b>	<b>(610,441)</b>	<b>63,358</b>

## OTHER NOTES AND APPROVAL OF THE FINANCIAL STATEMENTS

### STATUTORY ARRANGEMENT REGARDING PROFIT DISTRIBUTION

According to the articles of association of the corporation, the profit is at free disposal of the General Meeting.

Management signature,  
Breda, October 30, 2020

Payper B.V. On behalf of,

Sequoia Beheer B.V.  
E.T. Schaap

Snoeren Management B.V.  
C.E.A.A. Snoeren

# OTHER INFORMATION

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## INDEPENDENT AUDITOR'S REPORT

To: The shareholders of Payper B.V.

### A. Report on the audit of the financial statements 2019 included in the annual report

#### Our opinion

We have audited the financial statements 2019 of Payper B.V., based in Breda. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Payper B.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Payper B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2019;
2. the following statements for 2019:  
the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2019;
2. the company profit and loss account for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Payper B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht

accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to the 'going concern' paragraph in the notes to the financial statements on page 40, in which management explains the possible impact of the COVID-19 virus on Payper B.V. It also explains which measures management has already taken. The explanatory notes indicates as well that large uncertainties remain due to COVID-19. Management assumes that there is a serious uncertainty with regard to the going concern assumption of the company due to COVID-19. We have assessed the disclosure of the situation and the associated uncertainties and we believe that the disclosures are adequate given the situation. Because there is uncertainty about what the ultimate economic impact of the COVID-19 virus will be, the disclosed information includes a lot of uncertainty. Based on the procedures performed by us and the audit evidence obtained, we believe that, taking into account the uncertainties that exist at the time of issuing this auditor's report, the company properly explains the situation in its financial statements and correctly prepares the financial statements assuming continuity in line with Dutch Accounting Standards. Our opinion is not modified in respect of this matter.

### B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **C. Description of responsibilities regarding the financial statements**

#### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

#### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements

and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's 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 a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Breda, October 30, 2020

Van Oers Audit B.V.

W.K. Kruisifikx RA



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