

Verifone Denmark A/S

Knapholm 7, 2730 Herlev

CVR no. 15 40 12 81

Annual report for the year ended 31 October 2023

Approved at the annual general meeting of shareholders on 29th April 2024

As chairman:


A75B662FA426442
Chris Lund-Hansen

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Company details

Name	Verifone Denmark A/S
Financial year	1/11/2022 - 31/10/2023
Address, Postal code, City	Knapholm 7, 2730 Herlev
CVR No.	15 40 12 81
Established	27 August 1991
Telephone	+45 44 53 75 00
Telefax	+45 44 53 46 20
Board of Directors	Bulent Ozayaz, Chairman Anish Mehta Belinda Ellis
Executive Management board	Chris Lund-Hansen, Managing Director
Auditors	Grant Thornton Stockholmsgade 45 2100 København, Denmark Telefon +45 33 11 02 20
Bankers	Danske Bank J.P. Morgan

Financial highlights

5-year summary

Key figures (in DKK thousands)	2022/23	2021/22	2020/21	2019/20	2018/19
Gross Margin	59.756	59.855	104.414	106.335	97.060
Operating profit/loss	12.236	15.825	58.451	61.067	43.728
Net financials	10.214	179	26.066	-5.845	24.817
Profit/loss for the year	16.623	12.427	65.794	43.271	128.116
Balance sheet total	435.623	459.443	403.763	346.274	301.131
Investment in property, plant and equipment	6.555	7.904	5.955	3.494	-1.858
Equity	368.355	351.732	339.305	273.510	230.239
Financial ratios in %					
Return on assets	1,4	3,7	15,6	18,9	18,6
Current Ratio	93,72	63,14	72,93	54,4	52,6
Equity Ratio	84,56	76,56	84,04	79,0	77,9
Return on equity	4,62	3,60	21,47	17,2	78,6
Average number of full-time employees	59	61	62	69	70

FINANCIAL RATIOS

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios", cf. below:

Return on assets:

Profit/loss from ordinary operating activities / average assets * 100

Current ratio:

Current assets / Current liabilities * 100

Equity ratio:

Closing equity / equity and liabilities at year end * 100

Return on equity:

Profit/loss for the year / average equity * 100

Management's review

The company's business review

The company is part of the Verifone Group and operates within sales, rental and service of payment terminals and related system solutions and accessories.

Recognition and measurement uncertainties

Recognition and measurement in the financial statements for 2022/23 are not considered to be subject to significant uncertainties.

Financial review

The company's income statement for 2022/23 shows a profit of DKK 16.623 thousand (2021/22 DKK 12.427 thousand), and the company's balance sheet at 31 October 2023 shows an equity of DKK 368.355 thousand (31 October 2022 DKK 351.732 thousand), which was in line with management expectations in the financial statements for the year ending 31 October 2022.

Verifone continued to be the leading supplier of payment solutions to the Danish retail sector and other types of in-store merchants in 2022/23. The company successfully increased both new sales and the installed base of the global Android based payment platform, which offers one-stop-shopping incl. acquiring to the SMB market. During the year the platform was extended with a global API for the ECR integrated market, and a significant number of partners finished the integration and rolled-out solutions (both on- and off-device) to the Danish market. In addition, several significant implementation projects to a number of the largest retail chains in the country were finalized. The unattended payment business also continued the expansion during the year. As a result of these achievements the profit before tax grew by 40% versus the previous financial year.

Knowledge resources

As the company wished to be a market leader within the existing business area, the company faces high demands with regard to gathering and utilization of knowledge. The personal knowledge of individual key employees is of significant importance to the company. The company has made various measures in the financial year to reduce the risk of this part, and takes advantage of belonging to a global cooperation.

Impact on the external environment

The company is environmentally conscious and focuses on reducing its impact on the external environment.

Research and development activities

In accordance with the company's accounting policies, development projects are capitalized when they are clearly defined and identifiable. The company develops primarily software based on earlier versions. Consequently, the company's projects are developed on an ongoing basis in accordance with market demands and legislative requirements. Management is therefore of the opinion that the projects are not clearly defined at the start up and do therefore not qualify for capitalization. Accordingly, costs related to development are recognized in the income statement.

Post balance sheet events

No post balance sheet events have occurred which could significantly affect the assessment of the company's financial position.

Outlook

Management expects revenue and operating profit for 2023/2024 to be in line with 2022/23.

Management's statement

Today, The Board of Directors and the Executive Management Board have discussed and approved the Annual Report of Verifone Denmark A/S for the financial year 1 November 2022 – 31 October 2023.

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

In our opinion, the financial statements give a true and fair view of the assets, liabilities and financial position at 31 October 2023 and the results of the company's operations for the financial year 1 November 2022 – 31 October 2023.

It is also our opinion the management review includes a fair review of the development in the company's activities and financial position and the results of the company's financial position.

We recommend the adoption of the annual report at the annual general meeting.

Herlev, 29th April 2024

Executive Management board:

DocuSigned by:

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AT5B802F4W26442.....
Chris Lund-Hansen
Managing Director

Board of Directors:

DocuSigned by:

.....
DB9C38D3405844N.....
Bulent Ozayaz
Chairman

DocuSigned by:

.....
AFA5BD7904914D8.....
Anish Mehta

DocuSigned by:

.....
35D588809177464.....
Belinda Ellis

Independent auditor's report

To the Shareholder of Verifone Denmark A/S

Opinion:

We have audited the financial statements of Verifone Denmark A/S for the financial year 1 November 2022 - 31 October 2023, which comprise accounting policies, income statement, statement of financial position, cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 October 2023 and of the results of the company's activities for the financial year 1 November 2022 - 31 October 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 29th of April 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Jacob Helly Juell-Hansen
State Authorised Public Accountant
mne36169

Income statement for the period 1 November 2022 - 31 October 2023

Notes	2022/23 DKKt	2021/22 DKKt
	<u> </u>	<u> </u>
Gross margin	59.756	59.855
2 Staff costs	-42.444	-39.928
3 Amortisation/depreciation of intangible assets and property, plant and equipment	-4.504	-3.615
Other operating expenses	-572	-487
Operating profit	<u>12.236</u>	<u>15.825</u>
4 Financial income	12.013	8.402
5 Financial expenses	-1.799	-8.223
Profit before tax	<u>22.450</u>	<u>16.004</u>
6 Tax for the year	-5.826	-3.577
7 Profit for the year	<u><u>16.623</u></u>	<u><u>12.427</u></u>

Balance sheet as at 31 October 2023

Notes	2023 DKKt	2022 DKKt
	<u> </u>	<u> </u>
Assets		
Fixed assets		
Leasehold improvements	67	0
Plant and machinery	15.845	13.861
8 Property, plant and equipment	<u>15.912</u>	<u>13.861</u>
Receivables from group entities	355.614	376.198
9 Deposit	1.116	1.214
Deferred tax assets	10	173
Fixed asset investments	<u>356.741</u>	<u>377.585</u>
Total fixed assets	<u>372.652</u>	<u>391.446</u>
Current assets		
Goods for resale	1.687	4.239
Prepayments for goods	0	53
Inventories	<u>1.686</u>	<u>4.291</u>
Trade receivables	8.220	14.589
Receivables from group entities	42.441	42.926
10 Prepayments	631	547
Corporate tax receivable	2.145	0
Other receivables	12	12
Receivables	<u>53.449</u>	<u>58.074</u>
Cash	<u>7.835</u>	<u>5.632</u>
Total current assets	<u>62.971</u>	<u>67.997</u>
Total assets	<u>435.623</u>	<u>459.443</u>

Balance sheet as at 31 October 2023

Notes	2023 DKKt	2022 DKKt
Equity and liabilities		
Equity		
Share capital	1.000	1.000
Retained earnings	367.355	350.732
Total equity	368.355	351.732
Liabilities		
Deferred income	76	10
Non-current liabilities other than provisions	76	10
Trade payables	7.849	6.033
Payables to group entities	35.520	67.194
Income tax payable	0	10.405
11 Deferred income	15.318	17.462
Other payables	8.505	6.605
Short-term liabilities	67.192	107.700
Total liabilities	67.268	107.711
Total equity and liabilities	435.623	459.443
12 Contingent liabilities and other financial obligations		
15 Contingent assets		
16 Related parties		

Statement of changes in equity

(DKKt)	Share capital	Retained earnings	Total
Equity at 1/11/2021	1.000	338.305	339.305
Profit/loss for the year, cf. appropriation of profit/loss	0	12.427	12.427
Equity at 1/11/2022	1.000	350.732	351.732
Profit/loss for the year, cf. appropriation of profit/loss	0	16.623	16.623
Equity at 31/10/2023	1.000	367.355	368.355

The share capital have remained unchanged for the last 7 years stating DKK1.000.000.

Statement of Cash flows

Notes	2023 DKKt	2022 DKKt
Profit for the year	16.623	12.427
13 Adjustments	116	7.013
Profit for the year adjusted	16.739	19.440
14 Change in working capital	-21.245	23.433
Interest income, paid	551	79
Interest expenses, paid	-1.799	-8.223
Corporate income tax paid	-19.280	-9.526
Deposits (paid) / withdrawn	98	-54
Cash flows from operating activities	-24.936	25.149
Additions to fixed assets	6.555	0
Investments	20.584	-30.101
Cash flows from investing activities	27.139	-30.101
Dividend paid	0	0
Bank debt paid	0	0
Cash flows from financing activities	0	0
Net cash flows for the year	2.203	-4.952
Cash at 1 November	5.632	10.584
Cash at 31 October	7.835	5.632

1. Accounting Policies

The annual report for Verifone Denmark A/S for 2023 has been prepared in accordance with the Danish Financial Statements concerning reporting class C enterprises (medium).

The financial statements have been prepared in accordance with the same accounting policies as last year.

Reporting currency

The financial statements are presented in Danish Kroner.

Currency translation

Transactions denominated in foreign currencies are translated into Danish Kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

INCOME STATEMENT

Revenue

Income from the sale of goods and finished goods is recognized in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

License and royalty income is recognized over the term of the agreement in accordance with the contents of the agreement.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Gross profit

The revenue, cost of sales, other operating and external costs is accordingly to the Danish Financial Statements Act §32 condensed to one line called gross profit.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating lease, etc.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Financial income and expenses include interest, costs of finance leases, realized and unrealized gains and losses on securities, payables and transactions in foreign currencies, amortization of financial assets and liabilities and surcharges and allowances under the advance-payment-of-tax scheme etc.

1. Accounting Policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

BALANCE SHEET

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

A straight-line depreciation over the expected useful life based on the following assessment of the assets' expected useful lives:

Leasehold improvements	5 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3 years

The basis of depreciation is calculated taking into account any residual value and impairment losses.

The amortization period and the residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Changes in depreciation period or the residual value leads to depreciation effect is recognized prospectively as a change in accounting estimates.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in associates is tested annually for impairment. Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the recoverable amount.

Fixed asset investments

Fixed asset investments are measured at cost. In cases where the cost exceeds net realizable value is written down to the lower value.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

Receivables

Receivables are measured at amortized cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realizable value and the carrying amount.

Prepayments

Prepayments recognized under "assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

1. Accounting Policies (continued)

Equity - Proposed dividend

Dividends proposed for the financial year are presented as a separate item under "Equity".

Income tax

Current tax payables and receivables are recognized in the balance sheet as the estimated tax charge in respect of the taxable income for the year, adjusted for the tax on prior year's taxable income and tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Liabilities

Liabilities are measured at net realizable value.

Cash flow statement

The cash flow statement shows cash flows distributed on operating, investing and financing activities, change in cash and cash as at the beginning and end of the period.

Cash flow from operating activities

Cash flow from operating activities comprises profit/loss for the year adjusted by non-cash operating activities, change in working capital and paid corporate income tax.

Cash flow from investing activities

Cash flow from investing activity comprises payment of purchase and sale of enterprises and activities and purchase and sale of intangible, tangible and financial assets.

Cash flow from financing activity

Cash flow from financing activity comprises changes in size or composition of equity and related costs, debt recovery, repayment of debt and payment of dividend to shareholders.

Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

Leasing contracts

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognized in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

2. Staff costs

	2022/23	2021/22
	DKKt	DKKt
Analysis of staff costs:		
Wages/salaries	37.581	35.141
Pensions	3.370	3.331
Other social security costs	134	111
Other staff costs	1.359	1.345
	42.444	39.928
Average number of employees	59	61

By reference to section 98b(3)(ii) of the Danish Financial Statements Act, remuneration to management is not disclosed.

3. Depreciation of property, plant and equipment

Depreciation of property, plant and equipment	4.504	3.615
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4. Financial income

Interest receivable, group entities	11.462	8.323
Other financial income	551	79
	12.013	8.402

Other financial income is primarily composed of currency gains.

5. Financial expenses

Other financial expenses	1.799	8.223
	1.799	8.223

Other financial expenses is primarily composed of currency losses.

6. Tax for the year

	2022/23	2021/22
	DKKt	DKKt
Estimated tax charge for the year	5.028	3.551
Deferred tax adjustments in the year	190	9
Tax adjustments, prior years	608	17
	5.826	3.577

7. Recommended appropriation of the profit/loss for the year

	2022/23 DKKt	2021/22 DKKt
Retained earnings	16.623	12.427
	16.623	12.427

8. Property, plant and equipment

(DKKt)	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost				
Balance at 1/11/2022	0	51.562	264	51.826
Additions in the year	69	6.486	0	6.555
Disposals in the year	0	-39	0	-39
Cost at 31/10/2023	69	58.009	264	58.342
Depreciation and impairment losses				
Balance at 1/11/2022	0	37.701	264	37.965
Depreciation in the year	2	4.502	0	4.504
Disposals in the year	0	-39	0	-39
Depreciation and impairment losses at 31 October 2023	2	42.164	264	42.430
Carrying amount at 31 October 2023	67	15.845	0	15.912

9. Deposit

	2022/23 DKKt	2021/22 DKKt
Deposits at 1/11/2022	1.214	1.160
Additions / (withdrawals) during the year	(98)	54
Deposits at 31/10/2023	1.116	1.214

10. Prepayments

	2022/23 DKKt	2021/22 DKKt
Prepaid insurance	54	74
Prepaid rent	366	382
Other prepayments	211	91
	631	547

11. Deferred revenue

Deferred revenue consists of pre-invoiced amounts which can only be delivered and recognized in the following financial year.

12. Contingent liabilities and other financial obligations

Rent and lease liabilities	1.228	2.463
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13. Adjustments (cash flows)

	2022/23 DKKt	2021/22 DKKt
Depreciation	4.504	3.615
Interest income/expenses	-10.214	-179
Tax for the year	5.826	3.577
Gain on asset disposal	0	0
Adjustments	116	7.013

14. Working capital adjustments

	2022/23 DKKt	2021/22 DKKt
Change in receivables	6.770	-26.953
Change in inventories	2.605	1.013
Change in trade payables & other payables	-30.620	49.373
Working capital adjustments	-21.245	23.433

15. Contingent assets

Contingent assets comprise revenues from rental contracts for terminal revenue from all in one contracts and amount to DKK 20,2 million thousand (DKK 20,3 million at 31 October 2022).

16. Related parties**Information about related parties with a controlling interest:**

Related party	Domicile	Basis for control	
Verifone Norway AS Parent	Oslo, Norway	Participating interest	
Francisco Partners GP V Management, LLC. Ultimate Parent	San Francisco, USA	Participating interest	
		2022/23	2021/22
		DKKt	DKKt
		<hr/>	<hr/>
Sale of goods to group entities		0	415
Sale of services to group entities		5.184	3.580
Purchase of goods from group entities		9.429	6.189
Purchase of services from group entities		7.871	12.406
Purchase of services from parent entity		28.730	50.697
Interest income from group entities		11.463	8.323
Receivables from group entities		398.055	37.880
Payables to group entities		35.520	67.194

17. Information about consolidated financial statements:

Information about consolidated financial statements:

Parent	Domicile
<hr/> Verifone Systems, Inc.	<hr/> San Jose, California, USA
Verifone Norway AS	Oslo, Norway

Information about shareholders holding 5% or more of the share capital or the voting rights:

Name	Domicile
Verifone Norway AS	Oslo, Norway