

Verifone Denmark A/S

Knapholm 7, 2730 Herlev

CVR no. 15 40 12 81

Annual report for the year ended 31 October 2022

Approved at the annual general meeting of shareholders on 28th April 2023

As chairman:

Chris Lund-Hansen

Contents

Management's review	
Company details	2
Financial highlights	3
Management's review	4
Statement by management on the annual report	5
Independent auditor's report	6
Financial statements	
Income Statement	8
Balance sheet	9
Statement of changes in equity	11
Statement of cash flows	12
Notes	
Accounting policies	13
Staff cost	16
Amortisation/depreciation of tangible assets and property, plant and equipment	16
Financial income	16
Financial expenses	16
Tax for the year	17
Property, plant and equipment	17
Deposit	17
Prepayments	18
Provision for deferred tax	18
Deferred income	18
Contingent liabilities and other financial obligations	18
Adjustments (cash flows)	18
Working capital adjustments	19
Contingent assets	19
Related parties	19
Information about consolidated financial statements	20
Recommended appropriation of the profit/loss for the year	20

Company details

Name	Verifone Denmark A/S
Financial year	1/11/2021 - 31/10/2022
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 George-Alexander Friedrich Wilhelm Trumper John Tracy
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)	2021/22	2020/21	2019/20	2018/19	2017/18
Gross Margin	59.855	104.414	106.335	97.060	112.009
Operating profit/loss	15.937	58.451	61.067	43.728	56.070
Net financials	179	26.066	-5.845	24.817	818
Profit/loss for the year	12.427	65.794	43.271	128.116	44.301
Balance sheet total	459.443	403.763	346.274	301.131	170.100
Investment in property, plant and equipment	7.904	5.955	3.494	-1.858	-1.460
Equity	351.732	339.305	273.510	230.239	102.123
Financial ratios in %					
Return on assets	3,7	15,6	18,9	18,6	30,5
Current Ratio	63,14	72,93	54,37	52,6	24,7
Equity Ratio	76,56	84,04	78,99	77,9	60,0
Return on equity	3,60	21,47	17,18	78,6	38,5
Average number of full-time employees	61	62	69	70	82

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 2021/22 are not considered to be subject to significant uncertainties.

Financial review

The company's income statement for 2021/22 shows a profit of DKK 12.427 thousand (2020/21 DKK 65.794 thousand), and the company's balance sheet at 31 October 2022 shows an equity of DKK 351.732 thousand (31 October 2021 DKK 339.305 thousand), which was in line with management expectations in the financial statements for the year ending 31 October 2021.

Verifone continued to be the leading supplier of payment solutions to the retail sector and other types of merchants in 2021/22. The company succeeded in reaching the planned revenue targets and delivered topline growth versus the previous year. The strategic and global Android based payment platform continued the expansion in the Danish market, and the business proved to scale and reach significant higher volume. One-stop-shopping, efficient onboarding, supporting various acquirers and APM's (Advanced Payment Methods) has been important reasons for choosing Verifone. The company also entered the E-Commerce market with the global platform and is now offering omni-channel solutions. The unattended payment business also continued to grow during the year with a number of larger deliveries to the market.

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 2022/2023 to be in line with 2021/22.

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 2021 – 31 October 2022.

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 2022 and the results of the company’s operations for the financial year 1 November 2021 – 31 October 2022.

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, den 28th April 2023

Executive Management board:

.....
Chris Lund-Hansen
Managing Director

Board of Directors:

.....
Bulent Ozayaz
Chairman

.....
John Tracy

.....
George Truemper

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 2021 - 31 October 2022, 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 2022 and of the results of the company's activities for the financial year 1 November 2021 - 31 October 2022 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, 28th April 2023

Grant Thornton

State Authorised 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 2021 - 31 October 2022

Notes		2021/22 DKKt	2020/21 DKKt
		<u> </u>	<u> </u>
	Gross margin	59.855	104.414
2	Staff costs	-39.817	-43.036
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-3.615	-2.652
	Other operating expenses	-487	-274
	Operating profit	15.937	58.451
		<u> </u>	<u> </u>
4	Financial income	8.402	26.228
5	Financial expenses	-8.223	-162
	Profit before tax	16.115	84.518
6	Tax for the year	-3.577	-18.581
2	Other taxes	-111	-142
18	Profit for the year	<u>12.427</u>	<u>65.794</u>
		<u> </u>	<u> </u>

Balance sheet as at 31 October 2022

Notes	2022 DKKt	2021 DKKt	
Assets			
Fixed assets			
	Leasehold improvements	0	198
	Plant and machinery	13.861	9.594
7	Property, plant and equipment	13.861	9.792
	Receivables from group entities	376.198	345.620
8	Deposit	1.214	1.160
	Deferred tax assets	173	182
	Fixed asset investments	377.585	346.962
	Total fixed assets	391.446	356.754
Current assets			
	Goods for resale	4.239	5.304
	Prepayments for goods	53	0
	Inventories	4.291	5.304
	Trade receivables	14.589	4.392
	Receivables from group entities	42.926	24.322
9	Prepayments	547	618
	Other receivables	12	1.789
	Receivables	58.074	31.121
	Cash	5.632	10.584
	Total current assets	67.997	47.009
	Total assets	459.443	403.763

Statement of changes in equity

(DKKt)	Share capital	Retained earnings	Total
Equity at 1/11/2020	1.000	272.511	273.511
Profit/loss for the year, cf. appropriation of profit/loss	0	65.794	65.794
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 31/10/2022	1.000	350.732	351.732

The share capital have remained unchanged for the last 7 years stating DKK 1.000.000.

Statement of Cash flows

Notes	2022 DKKt	2021 DKKt
	<u> </u>	<u> </u>
Profit for the year	12.427	65.794
13 Adjustments	7.124	-4.597
Profit for the year adjusted	<u>19.551</u>	<u>61.197</u>
14 Change in working capital	<u>23.259</u>	<u>-8.734</u>
Interest income, paid	79	18.088
Interest expenses, paid	-8.223	-162
Corporate income tax paid	-9.526	-20.465
Deposits paid	-54	0
Cash flows from operating activities	<u>25.086</u>	<u>49.924</u>
Investments	-30.101	-44.741
Cash flows from investing activities	<u>-30.101</u>	<u>-44.741</u>
Dividend paid	0	0
Bank debt paid	0	0
Cash flows from financing activities	<u>0</u>	<u>0</u>
Net cash flows for the year	-5.015	5.183
Cash at 1 November	10.584	5.401
Cash at 31 October	<u><u>5.569</u></u>	<u><u>10.584</u></u>

1. Accounting Policies

The annual report for Verifone Denmark A/S for 2022 has been prepared in accordance with the Danish Financial Statements concerning reporting class C enterprise. (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 Margin

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

Intangible assets

Goodwill is measured at cost less accumulated amortization and impairment losses.

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

Goodwill	5 years.
----------	----------

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

Investments in associates are measured at cost. In cases where the cost exceeds net realizable value is written down to the lower value.

Dividends received exceeding the accumulated earnings of the associate in the ownership period are treated as a reduction in cost.

1. Accounting Policies (continued)

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.

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.

1. Accounting Policies (continued)

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

	2021/22	2020/21
	DKKt	DKKt
Analysis of staff costs:		
Wages/salaries	35.141	38.101
Pensions	3.331	2.229
Other social security costs	111	1.353
Other staff costs	1.345	1.353
	39.928	43.036
Average number of employees	61	62

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	3.615	2.652
---	--------------	--------------

4. Financial income

Interest receivable, group entities	8.323	8.140
Other financial income	79	18.088
	8.402	26.228

Other financial income is primarily composed of currency gains.

5. Financial expenses

Other financial expenses	8.223	162
	8.223	162

Other financial expenses is primarily composed of currency losses.

6. Tax for the year

	2021/22	2020/21
	DKKt	DKKt
Estimated tax charge for the year	3.551	18.398
Deferred tax adjustments in the year	9	183
Tax adjustments, prior years	17	0
	3.577	18.581

7. Property, plant and equipment

(DKKt)	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost				
Balance at 1/11/2021	2.698	43.879	445	47.022
Additions in the year	221	7.683	0	7.904
Disposals in the year	-2.919		-181	-3.100
Cost at 31/10/2022	0	51.562	264	51.826
Depreciation and impairment losses				
Balance at 1/11/2021	2.500	34.285	445	37.230
Depreciation in the year	185	3.416	0	3.601
Disposals in the year	-2.685	0	-181	-2.866
Depreciation and impairment losses at 31 October 2022	0	37.701	264	37.965
Carrying amount at 31 October 2022	0	13.861	0	13.861

8. Deposit

	2021/22	2020/21
	DKKt	DKKt
Deposits at 1/11/2021	1.160	1.160
Additions in the year	54	0
Deposits at 31/10/2022	1.214	1.160

9. Prepayments

	2021/22 DKKt	2020/21 DKKt
Prepaid insurance	74	93
Prepaid rent	382	371
Other prepayments	91	154
	547	618

10. Provision for deferred tax

	2021/22 DKKt	2020/21 DKKt
Deferred tax at 1/11/2021	0	2
Annual adjustment to deferred tax	0	-2
Deferred tax at 31/10/2022	0	0

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	2.463	3.399
----------------------------	--------------	--------------

13. Adjustments (cash flows)

	2021/22 DKKt	2020/21 DKKt
Depreciation	3.615	2.652
Interest income/expenses	-179	-26.066
Tax for the year	3.688	18.817
Gain on asset disposal	0	0
Adjustments	7.124	-4.597

14. Working capital adjustments

	2021/22	2020/21
	DKKt	DKKt
Change in receivables	-26.953	-4.666
Change in inventories	1.013	2.398
Change in trade payables & other payables	49.199	-6.466
Working capital adjustments	23.259	-8.734

15. Contingent assets

Contingent assets comprise revenues from rental contracts for terminal revenue from all in one contracts and amount to DKK 20.3 million thousand (DKK 19.5 million at 31 October 2021).

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

	2021/22	2020/21
	DKKt	DKKt
Sale of goods to group entities	415	56
Sale of services to group entities	3.580	29
Purchase of goods from group entities	6.189	3.441
Purchase of services from group entities	12.406	6.388
Purchase of services from parent entity	50.697	12.389
Interest income from group entities	8.323	8.140
Receivables from group entities	37.880	24.322
Payables to group entities	67.194	15.186

17. Information about consolidated financial statements:

Information about consolidated financial statements:

Parent	Domicile
Verifone Systems, Inc.	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

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

	2021/22 DKKt	2020/21 DKKt
Retained earnings	12.427	65.794
	12.427	65.794