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dz Card (Denmark) A/S

Maglebjergvej 5D
2800 Kgs. Lyngby

CVR no. 20 07 98 78

Annual report for 2016/17

(21th Financial year)

Adopted at the annual general meeting
on 12 September 2017

Frederik Hasselkjær-Schmidt
chairman

Contents

Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of dz Card (Denmark) A/S for the financial year 1 July 2016 - 30 June 2017.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 June 2017 and of the results of the company's operations for the financial year 1 July 2016 - 30 June 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.

Kgs. Lyngby, 12 September 2017

Executive board

Frederik Hasselkjær-Schmidt

Board of Directors

Alexander Bonde Afreedi chairman	Frederik Hasselkjær-Schmidt	Louise Eeg-Schmidt
Jens Bang Liebst		

Independent auditor's report

To the shareholder of dz Card (Denmark) A/S

Opinion

We have audited the financial statements of dz Card (Denmark) A/S for the financial year 1 July 2016 - 30 June 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 30 juni 2017 and of the results of the company's operations for the financial year 1 July 2016 - 30 June 2017 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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.

Material uncertainty related to going concern

Without having any effect on our opinion, we note that there is uncertainty about the company's ability to continue operations. We refer to the financial statements note 1, in which the management accounts for the prerequisites for the company's continued operation.

Emphasis of matter

Without having any affect on our opinion, we refer to the financial statements note 10, in which uncertainty about recognition and measurement of completed development costs is discussed.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 in preparing the financial statements 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

Independent auditor's report

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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Independent auditor's report

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Hellerup, 12 September 2017
CVR no. 33 25 68 76
Crowe Horwath

Hans Olsen
State Authorized Public Accountant

Company details

The company	dz Card (Denmark) A/S Maglebjergvej 5D 2800 Kgs. Lyngby
	CVR no.: 20 07 98 78 Reporting period: 1 July - 30 June Incorporated: 16. June 1997 Domicile: Lyngby-Taarbæk
Board of Directors	Alexander Bonde Afreedi, chairman Frederik Hasselkjær-Schmidt Louise Eeg-Schmidt Jens Bang Liebst
Executive board	Frederik Hasselkjær-Schmidt
Auditors	Crowe Horwath Statsautoriseret Revisionsinteressentskab Rygårds Allé 104 2900 Hellerup

Management's review

Business activities
The Companys main activity is to develop, buy, process and personalize magnet stribe cards, chips cards and other plast card products and any hereby affiliated products.

Recognition and measurement uncertainties
Development costs include costs of obtaining the VISA certifications. This process is completed, as certification is received in spring 2015. The certification will pave the way for an increased revenue opportunity that will recoup the invement made, but there is some uncertainty about this.

Deferred tax TDKK 4.194 is not activated, as it can not be adequately rendered probable that the group can utilize this within 3-5 years.

Business review
The Company's income statement for the year ended 30 June shows a loss of DKK 3.042.726, and the balance sheet at 30 June 2017 shows negative equity of DKK 15.814.609.

Company operations and earnings have not lived up to expectations. This is primarily due to the company's investments to enter the banking market in Scandinavia. The company is certified for the production of Mastercard and VISA (received spring 2015).

The company has invested heavily in obtaining these certifications and it has paid off in the form of the first orders in the banking market expecting to be implemented in the coming financial year.

The company's liquidity is ensured through commitment by the parent company dz Holding A/S, as wellas a subordinated loan capital totaling TDKK 4.136 why the annual report has been made as a goingconcern. Furthermore, the company's main supplier is patient and has a positive attitude towards the company and it is further expected that the company can maintain its existing bank facilities.

For the year ahead, a smaller loss is expected, and there is a very promising order book. However, it is crucial that the company achieves more orders in the banking market, with which the company can achieve its potential in the Scandinavian Market.

Significant events occurring after end of reporting period
No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of dz Card (Denmark) A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2016/17 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Financial income and expenses
Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, gains and losses on foreign currency transactions surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year
The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development projects, patents and licences
Development costs comprise costs directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The usefull life is estimated to ten years as the development work has given access to the production of creditcards.

Tangible assets
Items of Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Software	3	years	Leasehold improvements
Other fixtures and fittings, tools and equipment	3-5	years	Leasehold improvements
	10	years	Leasehold improvements

Accounting policies

Assets costing less than DKK 13,200 are expensed in the year of acquisition.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Stocks
Stocks are measured using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable value of stocks is calculated as the selling price less costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables
Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

Equity
Dividend
Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Income tax and deffered tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Accounting policies

Liabilities
Liabilities are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement
1 July 2016 - 30 June 2017

	Note	2016/17	2015/16
		DKK	TDKK
Gross profit		**2.656.139**	**4.254**
Staff costs	2	-4.613.493	-5.148
Earnings Before Interest Taxes Depreciation and Amortization		**-1.957.354**	**-894**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-945.794	-1.019
Profit/loss before financial income and expenses		**-2.903.148**	**-1.913**
Financial income		53.807	0
Financial costs		-193.385	-240
Profit/loss before tax		**-3.042.726**	**-2.153**
Tax on profit/loss for the year	3	0	-1.639
Net profit/loss for the year		**-3.042.726**	**-3.792**

Proposed distribution of profit

Retained earnings		-3.042.726	-3.792
		-3.042.726	**-3.792**

Balance sheet at 30 June 2017

	Note	2016/17	2015/16
		DKK	TDKK
Assets			
Completed development projects		1.134.410	1.279
Intangible assets	4	**1.134.410**	**1.279**
Other fixtures and fittings, tools and equipment		486.496	1.105
Leasehold improvements		743.925	911
Tangible assets	5	**1.230.421**	**2.016**
Fixed assets total		**2.364.831**	**3.295**
Finished goods and goods for resale		119.083	206
Stocks		**119.083**	**206**
Trade receivables		1.174.901	1.385
Other receivables		3.964	44
Prepayments		310.637	423
Receivables		**1.489.502**	**1.852**
Cash at bank and in hand		**43**	**0**
Current assets total		**1.608.628**	**2.058**
Assets total		**3.973.459**	**5.353**

Balance sheet at 30 June 2017

	Note	2016/17	2015/16
		DKK	TDKK
Liabilities and equity			
Share capital		500.000	500
Retained earnings		-16.314.609	-13.272
Equity	6	**-15.814.609**	**-12.772**
Subordinate loan capital		4.136.433	4.048
Long-term debt	7	**4.136.433**	**4.048**
Short-term part of lon-term debt	7	0	140
Other credit institutions		3.209.678	3.094
Prepayments received from customers		0	14
Trade payables		10.025.139	8.487
Other payables		2.416.818	2.342
Short-term debt		**15.651.635**	**14.077**
Debt total		**19.788.068**	**18.125**
Liabilities and equity total		**3.973.459**	**5.353**

Uncertainty about the continued operation (going concern)	1
Uncertainty in the recognition and measurement	10
Contingent assets, liabilities and other financial obligations	8
Charges and securities	9

Notes

1 Uncertainty about the continued operation (going concern)

The company's management expects positive earnings in the coming financial year, and that the trend will continue as the company wins orders in the banking market. The company's liquidity is ensured through commitment by the parent company dz Holding A/S, as wellas a subordinated loan capital totaling TDKK 4.136 why the annual report has been made as a goingconcern. Furthermore, the company's main supplier is patient and has a positive attitude towards the company and it is further expected that the company can maintain its existing bank facilities.

	2016/17	2015/16
	DKK	TDKK
2 Staff costs		
Wages and salaries	4.055.933	4.580
Pensions	494.830	501
Other social security costs	62.730	67
	4.613.493	**5.148**
Average number of employees	10	11
3 Tax on profit/loss for the year		
Deferred tax for the year	0	1.639
	0	**1.639**

Notes

4 Intangible assets

	Completed development projects
Cost at 1 July 2016	1.448.182
Cost at 30 June 2017	1.448.182
Impairment losses and amortisation at 1 July 2016	168.954
Depreciation for the year	144.818
Impairment losses and amortisation at 30 June 2017	313.772
Carrying amount at 30 June 2017	**1.134.410**

5 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 July 2016	9.638.470	1.692.035
Additions for the year	15.000	0
Cost at 30 June 2017	9.653.470	1.692.035
Impairment losses and depreciation at 1 July 2016	8.533.528	780.580
Depreciation for the year	633.446	167.530
Impairment losses and depreciation at 30 June 2017	9.166.974	948.110
Carrying amount at 30 June 2017	**486.496**	**743.925**
Value of assets leased out	0	0

Notes

6 Equity

	Share capital	Retained earnings	Total
Equity at 1 July 2016	500.000	-13.271.883	-12.771.883
Net profit/loss for the year	0	-3.042.726	-3.042.726
Equity at 30 June 2017	**500.000**	**-16.314.609**	**-15.814.609**

7 Long term debt

	Debt at 1 July 2016	Debt at 30 June 2017	Payment within 1 year	Debt after 5 years
Subordinate loan capital	4.048.499	4.136.433	0	0
Other credit institutions	90.400	0	0	0
Lease obligations	50.251	0	0	0
	4.189.150	**4.136.433**	**0**	**0**

8 Contingent assets, liabilities and other financial obligations

The Company has entered into lease obligation related to rent of facilities TDKK 440.

The company is jointly taxed with the Group companies. The companies are jointly and severally liable for the Danish corporation tax.

9 Charges and securities

Floating charge has been issued at DKK 1 million secured by other property, plant and equipment, trade receivables and inventories as security for engagement with the bank.

The Company has provided a guarantee on the rent deposit for a total of TDKK 498.

Notes

10 Uncertainty in the recognition and measurement

Development costs include costs of obtaining the VISA certification. This process is completed, as certification is received in spring 2015. The certification will pave the way for an increased revenue opportunity that will recoup the investment made, but there is some uncertainty about this.

Deferred tax TDKK 4.194 is not activated, as it can not be adequately rendered probable that the Group can utilize this within 3-5 years.