

## **dz Card (Denmark) A/S**

Maglebjergvej 5D  
2800 Kgs. Lyngby

CVR no. 20 07 98 78

### **Annual report for 2017/18**

(22th Financial year)

Adopted at the annual general meeting  
on 23 August 2018

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David Martin Ireland  
chairman

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## **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 2017 - 30 June 2018.

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 2018 and of the results of the company's operations for the financial year 1 July 2017 - 30 June 2018.

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, 16 August 2018

### **Executive board**

Tabongkod Peunchob

### **Board of Directors**

David Martin Ireland  
chairman

Phathavud Arkaleephan  
deputy chairman

Tabongkod Peunchob

## **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 2017 - 30 June 2018, 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 June 2018 and of the results of the company's operations for the financial year 1 July 2017 - 30 June 2018 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 effect on our opinion, we refer to the financial statements note 8, 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.

## **Independent auditor's report**

### **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 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.

## **Independent auditor's report**

### **Statement on management's review**

Management is responsible for management's review.

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, 16 August 2018

CVR no. 33 25 68 76



Hans Olsen  
State Authorized Public Accountant  
MNE no. mne25347

## Company details

### The company

dz Card (Denmark) A/S  
Maglebjergvej 5D  
2800 Kgs. Lyngby

CVR no.: 20 07 98 78

Reporting period: 1 July 2017 - 30 June 2018

Incorporated: 16. June 1997

Domicile: Lyngby-Taarbæk

### Board of Directors

David Martin Ireland, chairman  
Phathavud Arkaleephan, deputy chairman  
Tabongkod Peunchob

### Executive board

Tabongkod Peunchob

### Auditors

Crowe  
Statsautoriseret Revisionsinteressentskab  
Rygårds Allé 104  
2900 Hellerup

## **Management's review**

### **Business activities**

The Company's main activity is to develop, buy, process and personalize magnet stripe cards, chips cards and other plastic 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 investment made, but there is some uncertainty about this.

Deferred tax TDKK 4.575 is not activated, as it can not be adequately rendered probable that the company can utilize this within 3 years.

### **Business review**

The Company's income statement for the year ended 30 June shows a loss of DKK 1.744.383, and the balance sheet at 30 June 2018 shows negative equity of DKK 16.021.341.

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 as the first customer on the Scandinavian banking market came in 2017, and a new significant order from the Danish banking market is expected to be implemented in the coming financial year.

The company's liquidity is ensured through commitment by the parent company Total Payment Solutions Limited, as well as a subordinated loan capital totaling TDKK 4,272 why the annual report has been made as a going concern. Furthermore, the company's main supplier (a Group company) is patient and has a positive attitude towards the company and all bank overdraft was paid out within yearend.

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 2017/18 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 2017/18 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 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 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 is 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

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.

Development 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 useful life is estimated to ten years as the development work has given access to the production of credit cards.

### Tangible assets

Other fixtures and fittings, tools and equipment and leasehold improvements 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.

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

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Gains or losses from the disposal of equipment etc. are recognised in the income statement as other operating income or other operating expenses.

## **Accounting policies**

### **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 deferred 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.

### **Liabilities**

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

## **Accounting policies**

### **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 2017 - 30 June 2018**

|  | <u>Note</u> | <u>2017/18</u><br>DKK    | <u>2016/17</u><br>TDKK |
|--|-------------|--------------------------|------------------------|
| <b>Gross profit</b>  |             | <b>3.517.439</b>         | <b>2.656</b>           |
| Staff costs  | 2           | <u>-4.556.410</u>        | <u>-4.613</u>          |
| <b>Earnings Before Interest Taxes Depreciation and Amortization</b>                              |             | <b>-1.038.971</b>        | <b>-1.957</b>          |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment |             | <u>-543.981</u>          | <u>-946</u>            |
| <b>Profit/loss before financial income and expenses</b>  |             | <b>-1.582.952</b>        | <b>-2.903</b>          |
| Financial income   |             | 0                        | 54                     |
| Financial costs  |             | <u>-161.431</u>          | <u>-194</u>            |
| <b>Profit/loss before tax</b>  |             | <b>-1.744.383</b>        | <b>-3.043</b>          |
| Tax on profit/loss for the year  | 3           | <u>0</u>                 | <u>0</u>               |
| <b>Net profit/loss for the year</b>  |             | <b><u>-1.744.383</u></b> | <b><u>-3.043</u></b>   |
| <br><b>Proposed distribution of profit</b>   |             |                          |                        |
| Retained earnings  |             | <u>-1.744.383</u>        | <u>-3.043</u>          |
|  |             | <b><u>-1.744.383</u></b> | <b><u>-3.043</u></b>   |

## Balance sheet at 30 June 2018

|  | <u>Note</u> | <u>2017/18</u><br>DKK   | <u>2016/17</u><br>TDKK |
|--|-------------|-------------------------|------------------------|
| <b>Assets</b>                                    |             |                         |                        |
| Completed development projects                   |             | 989.592                 | 1.134                  |
| <b>Intangible assets</b>                         | 4           | <u>989.592</u>          | <u>1.134</u>           |
| Other fixtures and fittings, tools and equipment |             | 267.651                 | 487                    |
| Leasehold improvements                           |             | 599.044                 | 744                    |
| <b>Tangible assets</b>                           | 5           | <u>866.695</u>          | <u>1.231</u>           |
| <b>Fixed assets total</b>                        |             | <u>1.856.287</u>        | <u>2.365</u>           |
| Finished goods and goods for resale              |             | 119.940                 | 119                    |
| <b>Stocks</b>                                    |             | <u>119.940</u>          | <u>119</u>             |
| Trade receivables                                |             | 838.295                 | 1.174                  |
| Other receivables                                |             | 3.964                   | 4                      |
| Prepayments                                      |             | 323.405                 | 311                    |
| <b>Receivables</b>                               |             | <u>1.165.664</u>        | <u>1.489</u>           |
| <b>Cash at bank and in hand</b>                  |             | <u>352.861</u>          | <u>0</u>               |
| <b>Current assets total</b>                      |             | <u>1.638.465</u>        | <u>1.608</u>           |
| <b>Assets total</b>                              |             | <u><u>3.494.752</u></u> | <u><u>3.973</u></u>    |

## Balance sheet at 30 June 2018

|  | <u>Note</u> | <u>2017/18</u><br>DKK     | <u>2016/17</u><br>TDKK |
|--|-------------|---------------------------|------------------------|
| <b>Liabilities and equity</b>                                  |             |                           |                        |
| Share capital  |             | 500.000                   | 500                    |
| Retained earnings  |             | <u>-16.521.341</u>        | <u>-16.315</u>         |
| <b>Equity</b>  | <b>6</b>    | <b><u>-16.021.341</u></b> | <b><u>-15.815</u></b>  |
| Subordinate loan capital, Group                                |             | 4.272.315                 | 0                      |
| Subordinate loan capital                                       |             | <u>0</u>                  | <u>4.136</u>           |
| <b>Long-term debt</b>  | <b>7</b>    | <b><u>4.272.315</u></b>   | <b><u>4.136</u></b>    |
| Other credit institutions                                      |             | 0                         | 3.210                  |
| Prepayments received from customers                            |             | 129.963                   | 0                      |
| Trade payables   |             | 174.743                   | 10.026                 |
| Payables to Group  |             | 14.151.720                | 0                      |
| Other payables   |             | <u>787.352</u>            | <u>2.416</u>           |
| <b>Short-term debt</b>   |             | <b><u>15.243.778</u></b>  | <b><u>15.652</u></b>   |
| <b>Debt total</b>  |             | <b><u>19.516.093</u></b>  | <b><u>19.788</u></b>   |
| <b>Liabilities and equity total</b>                            |             | <b><u>3.494.752</u></b>   | <b><u>3.973</u></b>    |
| Uncertainty about the continued operation (going concern)      | 1           |                           |                        |
| Uncertainty in the recognition and measurement                 | 8           |                           |                        |
| Contingent assets, liabilities and other financial obligations | 9           |                           |                        |
| Charges and securities   | 10          |                           |                        |

## Notes

### 1 Uncertainty about the continued operation (going concern)

The company's liquidity is ensured through commitment by the parent company Total Payment Solutins Limited, as well as a subordinated loan capital totaling TDKK 4,272 why the annual report has been made as a going concern. Furthermore, the company's main supplier (a Group company) is patient and has a positive attitude towards the company and all bank overdraft was paid out within yearend.

|                             | <u>2017/18</u>          | <u>2016/17</u>      |
|-----------------------------|-------------------------|---------------------|
|                             | DKK                     | TDKK                |
| <b>2 Staff costs</b>        |                         |                     |
| Wages and salaries          | 4.059.870               | 4.055               |
| Pensions                    | 441.264                 | 495                 |
| Other social security costs | <u>55.276</u>           | <u>63</u>           |
|                             | <b><u>4.556.410</u></b> | <b><u>4.613</u></b> |
| <br>                        |                         |                     |
| Average number of employees | <u>10</u>               | <u>10</u>           |

There have not been paid any salaries to the Management or the board of directors.

### 3 Tax on profit/loss for the year

|                 |                 |
|-----------------|-----------------|
| <b><u>0</u></b> | <b><u>0</u></b> |
|-----------------|-----------------|

### 4 Intangible assets

|  | <u>Completed<br/>development<br/>projects</u> |
|--|---|
| Cost at 1 July 2017                                | <u>1.448.542</u>                              |
| Cost at 30 June 2018                               | <u>1.448.542</u>                              |
| <br>   |   |
| Impairment losses and amortisation at 1 July 2017  | 313.772                                       |
| Depreciation for the year                          | <u>145.178</u>                                |
| Impairment losses and amortisation at 30 June 2018 | <u>458.950</u>                                |
| <br>   |   |
| <b>Carrying amount at 30 June 2018</b>             | <b><u>989.592</u></b>                         |



## Notes

### 5 Tangible assets

|  | Other fixtures<br>and fittings,<br>tools and<br>equipment | Leasehold<br>improvements   |
|--|---|-----------------------------|
|  | <u>                    </u>                               | <u>                    </u> |
| Cost at 1 July 2017                                | 9.653.470   | 1.692.035                   |
| Additions for the year                             | 9.410   | 25.661                      |
| Cost at 30 June 2018                               | <u>9.662.880</u>  | <u>1.717.696</u>            |
| Impairment losses and depreciation at 1 July 2017  | 9.166.974   | 948.110                     |
| Depreciation for the year                          | 228.255   | 170.542                     |
| Impairment losses and depreciation at 30 June 2018 | <u>9.395.229</u>  | <u>1.118.652</u>            |
| <b>Carrying amount at 30 June 2018</b>             | <b><u>267.651</u></b>                                     | <b><u>599.044</u></b>       |
|  | <u>0</u>  | <u>0</u>                    |

### 6 Equity

|                               | Share capital               | Retained<br>earnings        | Total                       |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                               | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Equity at 1 July 2017         | 500.000                     | -16.314.606                 | -15.814.606                 |
| Net profit/loss for the year  | 0                           | -1.744.383                  | -1.744.383                  |
| Contribution from group       | 0                           | 1.537.648                   | 1.537.648                   |
| <b>Equity at 30 June 2018</b> | <b><u>500.000</u></b>       | <b><u>-16.521.341</u></b>   | <b><u>-16.021.341</u></b>   |

## Notes

### 7 Long term debt

|                                 | Debt<br>at 1 July 2017 | Debt<br>at 30 June<br>2018 | Payment<br>within 1 year | Debt<br>after 5 years |
|---------------------------------|------------------------|----------------------------|--------------------------|-----------------------|
| Subordinate loan capital, Group | 0                      | 4.272.315                  | 0                        | 0                     |
| Subordinate loan capital        | 4.136                  | 0                          | 0                        | 0                     |
|                                 | <b>4.136</b>           | <b>4.272.315</b>           | <b>0</b>                 | <b>0</b>              |

### 8 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 4,575 is not activated, as it can not be adequately rendered probable that the company can utilize this within 3 years.

### 9 Contingent assets, liabilities and other financial obligations

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

The company has been jointly taxed with at former Group company, but the joint taxation has ended at the end of June 2018. The companies are jointly and severally liable for the Danish corporation and dividend tax until end of June 2018.

### 10 Charges and securities

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