


Eurogiro A/S
Telegade 1, 1st floor
2630 Taastrup
Business Registration No
31056667

Annual report 2017

The Annual General Meeting adopted the annual report on 12.02.2018

Chairman of the General Meeting



Name: Søren Hessellund Klausen

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Entity details

Entity

Eurogiro A/S
Telegade 1, 1st floor
2630 Taastrup

Central Business Registration No: 31056667

Founded: 05.02.1993

Registered in: Denmark

Financial year: 01.01.2017 - 31.12.2017

Website: www.eurogiro.com

E-mail: eurogiro@eurogiro.com

Board of Directors

Walter Pinci, Chairman
Christian Georg Werner Westerhaus
Thomas Hadorn
Guy-David Schneider
Oliver Bayer
Jonathan William Elkins
Achim Lebeau

Executive Board

Michel Louis Jean Marie Stuijt, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Eurogiro A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Taastrup, 12.02.2018

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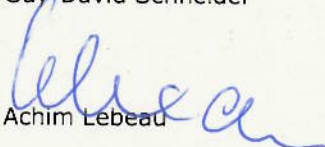
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Independent auditor's report

To the shareholders of Eurogiro A/S

Opinion

We have audited the financial statements of Eurogiro A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 12.02.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556



Jens Ringbæk
State Authorised Public Accountant
Identification No (MNE) 27735



Martin Jon Albak Pedersen
State Authorised Public Accountant
Identification No (MNE) 34149

Management commentary

Primary activities

The goal of Eurogiro A/S is to maintain and develop a worldwide business-to-business infrastructure for its members and associated partners, with a focus on retail and wholesale financial services. Eurogiro aims at providing services to its members that enable them to provide secure, transparent and cost-efficient payment solutions for their clients. The infrastructure shall secure a constructive and cost efficient coordination of the most relevant commercial (and technical) issues for all of its members. It is focused on expanding in terms of reach, member and partner base and overall transaction volumes of the whole business community.

The Eurogiro solution is to act as a gateway for its members and partners to get and allow access to various international payment products in different geographical areas. This will provide income opportunities for Eurogiro's bank and postal members and partners while reaching significant cost reductions for the company and its customers.

Development in activities and finances

Eurogiro redefined its Mission Statement and Objectives in 2009 and the core elements are still valid today. "Eurogiro, your global payments community" – is the mission statement of Eurogiro. In order to fulfil its mission, Eurogiro has set the following objectives

- Continuous growth in new members and no loss of large members
- Open new corridors; with focus on large remittance corridors and corridors that are predominantly outside SEPA
- Growth in revenue and decrease in costs
- High member satisfaction that will be regularly measured.

In order to achieve our objectives Eurogiro's strategy is based on four strategic pillars.

Pillar 1: Raise number of transactions and strengthen loyalty of existing members: This will be achieved by increasing the number of Members and Partners. A prerequisite in order to retain the existing members and grow their business is to offer a service and (pro-active) support based on a reliable system that is of high continuous quality.

Pillar 2: Gain new members: In order to fulfil the mission of being a global payments community and to realise growth in corridors and revenue, the network has to expand into countries where Eurogiro is not yet represented. Eurogiro will focus on prospects that are favoured by existing members, as well as on prospects with which major remittance corridors to existing members can be covered.

Pillar 3: Utilise new business opportunities: As new technologies are being implemented for sending transactions, Eurogiro is pursuing new business opportunities. The focus is on cards and mobile payments.

Pillar 4: Make access easier: Ease of access to the Eurogiro infrastructure will become more and more crucial. All actions that can be done to make it easier to join Eurogiro and on-board quickly will be investigated and explored.

The earnings before interest and tax were KDKK -1.142 (KEUR -154), against a profit of KDKK 5,309 (TEUR 714) in 2016.

Due to a predicted decrease in the turnover as a result of the termination of an important contract we expect to also have a deficit in 2018. This will not be an issue for the continuation of the company due to the vast cash reserves. Furthermore, various actions have been and will be taken in order to limit the deficit.

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		4.060.545	11.024.924
Staff costs	1	(5.177.943)	(5.658.123)
Depreciation, amortisation and impairment losses		(24.350)	(57.637)
Operating profit/loss		(1.141.748)	5.309.164
Other financial income		412.278	1.821.976
Other financial expenses		(2.196.677)	(1.356.328)
Profit/loss before tax		(2.926.147)	5.774.812
Tax on profit/loss for the year	2	256.433	(1.422.243)
Profit/loss for the year		(2.669.714)	4.352.569
Proposed distribution of profit/loss			
Retained earnings		(2.669.714)	4.352.569
		(2.669.714)	4.352.569

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Acquired intangible assets		0	0
Intangible assets		0	0
Other fixtures and fittings, tools and equipment		9.984	34.334
Property, plant and equipment		9.984	34.334
Other receivables		158.804	156.170
Fixed asset investments		158.804	156.170
Fixed assets		168.788	190.504
Trade receivables		1.647.254	2.089.550
Deferred tax		420.000	163.567
Other receivables		451.697	146.296
Prepayments		515.815	700.776
Receivables		3.034.766	3.100.189
Cash		42.552.346	44.516.066
Current assets		45.587.112	47.616.255
Assets		45.755.900	47.806.759

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		2.507.900	2.507.900
Other reserves		(3.278.858)	(3.278.858)
Retained earnings		41.160.743	43.830.457
Equity		<u>40.389.785</u>	<u>43.059.499</u>
Trade payables		3.237.650	1.536.266
Income tax payable		0	791.289
Other payables		1.442.121	1.733.361
Deferred income		686.344	686.344
Current liabilities other than provisions		<u>5.366.115</u>	<u>4.747.260</u>
Liabilities other than provisions		<u>5.366.115</u>	<u>4.747.260</u>
Equity and liabilities		<u>45.755.900</u>	<u>47.806.759</u>
Contingent liabilities	3		

Statement of changes in equity for 2017

	Contributed capital DKK	Other reserves DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.507.900	(3.278.858)	43.830.457	43.059.499
Profit/loss for the year	0	0	(2.669.714)	(2.669.714)
Equity end of year	2.507.900	(3.278.858)	41.160.743	40.389.785

Eurogiro's stock of treasury shares amounts to 4,000 at a nominal value of DKK 100, corresponding to 15,95 % of the nominal share capital.

Notes

	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
1. Staff costs		
Wages and salaries	4.903.805	5.343.453
Pension costs	248.781	284.210
Other social security costs	25.357	30.460
	<u>5.177.943</u>	<u>5.658.123</u>

Average number of employees	<u>5</u>
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	<u>2017</u> <u>DKK</u>	<u>2016</u> <u>DKK</u>
2. Tax on profit/loss for the year		
Tax on current year taxable income	0	1.414.243
Change in deferred tax for the year	(267.000)	8.000
Adjustment concerning previous years	10.567	0
	<u>(256.433)</u>	<u>1.422.243</u>

3. Contingent liabilities

The Company has entered into a tenancy agreement with the option to terminate the tenancy with 3 months' notice. The present annual rent is approximately KDKK 318. Including monthly heating, parking and management charges the obligation amounts to KDKK 120.

The Company has entered into a service agreement. There will be a notice of 2 months. The total amount of the obligation is KEUR 36, which equals KDKK 268.

The Company has entered into an agreement regarding the lines made available for the transactions. The total amount of the obligation is KUSD 50, which equals KDKK 314.

The Company has entered into a cooperation agreement on network control. There will be a notice of 6 months. The total amount of this obligation is KDKK 2,274.

The Company has an agreement regarding mobile phones. There will be a notice of 6 months. The total amount of the obligation amounts to KDKK 9,5.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The annual report for 2017 is presented in DKK.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

In compliance with section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the annual report.

Accounting policies

Revenue

Revenue from the sale of services is recognised in the income statement as the part of sales that relates to services delivered in the financial year.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including cleaning, management charges, electricity, water and heating and office rent.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Financial income is recognised in the income statement at the amounts relating to the financial year.

Other financial expenses

Financial expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Licences and software are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, however maximally 3 years.

Licenses and software are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, however maximally 3 years.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Tangible and intangible assets are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Accounting policies

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.