
Eurogiro A/S

Toldbodgade 55 B, DK-1253 Copenhagen K

Annual Report for 1 January - 31 December 2021

CVR No 31 05 66 67

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/03 2022

Jens Heurlin
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Eurogiro A/S for the financial year 1 January - 31 December 2021.

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 financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 March 2022

Executive Board

Thomas Jul Pfeiffer
CEO

Board of Directors

Jan Ovesen
Chairman

Steen Trondhjem Nielsen

Ulrich Hejle

Independent Auditor's Report

To the Shareholders of Eurogiro A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Eurogiro A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

Independent Auditor's Report

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

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:

- 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.

Independent Auditor's Report

- 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.

Ringsted, 28 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Petersen
statsautoriseret revisor
mne28701

Nikolaj Frausing Borch
statsautoriseret revisor
mne44062

Company Information

The Company

Eurogiro A/S
Toldbodgade 55 B
DK-1253 Copenhagen K

CVR No: 31 05 66 67
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jan Ovesen, Chairman
Steen Trondhjem Nielsen
Ulrich Hejle

Executive Board

Thomas Jul Pfeiffer

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Eventyrvej 16
DK-4100 Ringsted

Management's Review

Primary activities

Eurogiro is a payment network and community of postal organisations and banks, which provides cross-border payments services. Eurogiro's role is to develop and maintain software that support the business activities of its members and customers. Through the community, members share best practices and other business development activities.

Development in finances and main activities

Financial performance

Significant investments have been made to build a new business platform, and to launch new innovative products to the Eurogiro community.

Consequently, Eurogiro had a negative financial result before tax for 2021 of DKKm 56 (2020 DKKm - 18). The financial result is in accordance with budget and is aligned with the strategy of investing in a new ground-breaking digital financial ecosystem for current and future members.

As part of this investment, the new Eurogiro business platform is integrated with the payments platform of Inpay, offering not only the functionality of the platform but also connectivity to the Inpay network of customers and network providers. Management believes that this will increase the attractiveness of Eurogiro to postal organisations and post banks and thereby also to Eurogiro in the mid-term.

Capital resources

To support the significant investments into the new business platform and product portfolio, the shareholder made a tax-free contribution of DKK 53m to Eurogiro A/S as per December 2021. The shareholder has also given a declaration of support, ensuring Eurogiro sufficient liquidity to support the ongoing investment plans.

The management is confident that massive business development effort ongoing in Eurogiro creates the basis for a sound, viable and profitable business in the medium-term, and in that context understands the loss recorded.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

In the light of the current situation in Ukraine, Eurogiro has considered potential impacts on the Company. Based on the development so far, Management doesn't expect the Company to be significantly influenced by the situation. Sanction lists are continuously reviewed, and actions are taken to ensure that no breaches occur.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		-34.598.376	-20.224.013
Staff expenses	1	-6.256.805	-1.922.903
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-12.939.964	-1.377.692
Profit/loss before financial income and expenses	3	-53.795.145	-23.524.608
Income from investments in subsidiaries	4	-12.349.856	26.277
Financial income	5	197.758	2.269
Financial expenses	6	-1.979.231	-903.687
Profit/loss before tax		-67.926.474	-24.399.749
Tax on profit/loss for the year	7	11.971.006	6.345.378
Net profit/loss for the year		-55.955.468	-18.054.371

Distribution of profit

Proposed distribution of profit

Retained earnings		-55.955.468	-18.054.371
		-55.955.468	-18.054.371

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Completed development projects		0	5.172.010
Development projects in progress		0	7.682.584
Intangible assets	8	0	12.854.594
Other fixtures and fittings, tools and equipment		21.346	106.715
Property, plant and equipment	9	21.346	106.715
Investments in subsidiaries	10	768.171	118.026
Deposits		0	26.929
Fixed asset investments		768.171	144.955
Fixed assets		789.517	13.106.264
Trade receivables		628.124	633.123
Receivables from group enterprises		10.608.375	346.133
Other receivables		1.125.581	1.695.634
Deferred tax asset		1.333.822	45.509
Corporation tax		10.682.693	9.138.199
Prepayments		138.771	279.399
Receivables		24.517.366	12.137.997
Cash at bank and in hand		645.270	1.792.446
Currents assets		25.162.636	13.930.443
Assets		25.952.153	27.036.707

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		2.507.900	2.507.900
Reserve for development costs		0	10.026.583
Retained earnings		94.650	-6.976.465
Equity		2.602.550	5.558.018
Other payables		0	92.838
Long-term debt	11	0	92.838
Credit institutions		2	0
Prepayments received from customers		2.026.502	1.211.916
Trade payables		2.645.721	1.350.792
Payables to group enterprises		17.418.179	17.276.102
Other payables	11	1.259.199	1.547.041
Short-term debt		23.349.603	21.385.851
Debt		23.349.603	21.478.689
Liabilities and equity		25.952.153	27.036.707
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	2.507.900	10.026.583	-6.976.465	5.558.018
Contribution from group	0	0	53.000.000	53.000.000
Development costs for the year	0	-10.026.583	10.026.583	0
Net profit/loss for the year	0	0	-55.955.468	-55.955.468
Equity at 31 December	2.507.900	0	94.650	2.602.550

Notes to the Financial Statements

	2021 DKK	2020 DKK
1 Staff expenses		
Wages and salaries	6.095.084	1.893.366
Pensions	18.745	16.850
Other social security expenses	22.293	7.028
Other staff expenses	120.683	5.659
	6.256.805	1.922.903
Average number of employees	2	1
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	1.292.321
Depreciation of property, plant and equipment	85.370	85.371
Impairment of intangible assets	12.854.594	0
	12.939.964	1.377.692
3 Special items		
Impairment of intangible assets	12.854.594	0
	12.854.594	0
<p>Extraordinary impairment of intangible assets have been recognized during the year. See note 8 for further elaboration.</p>		
4 Income from investments in subsidiaries		
Share of losses of subsidiaries	-12.467.842	26.277
Write off	117.986	0
	-12.349.856	26.277

Notes to the Financial Statements

	2021 DKK	2020 DKK
5 Financial income		
Interest received from group enterprises	197.758	472
Exchange adjustments	0	1.797
	197.758	2.269
6 Financial expenses		
Interest paid to group enterprises	1.947.822	888.892
Other financial expenses	18.058	14.795
Exchange adjustments, expenses	13.351	0
	1.979.231	903.687
7 Tax on profit/loss for the year		
Current tax for the year	-10.682.693	-9.138.199
Deferred tax for the year	-1.288.313	2.744.991
Adjustment of tax concerning previous years	0	47.830
	-11.971.006	-6.345.378

Notes to the Financial Statements

8 Intangible assets

	Completed development projects <u>DKK</u>	Development projects in progress <u>DKK</u>
Cost at 1 January	27.991.335	7.682.584
Cost at 31 December	<u>27.991.335</u>	<u>7.682.584</u>
Impairment losses and amortisation at 1 January	22.819.325	0
Impairment losses for the year	<u>5.172.010</u>	<u>7.682.584</u>
Impairment losses and amortisation at 31 December	<u>27.991.335</u>	<u>7.682.584</u>
Carrying amount at 31 December	<u>0</u>	<u>0</u>

Amortised over

5 years

The Company's development projects related to the financial supermarket platform, which is a platform for financial services to post offices and postal organisations throughout the world. Due to a shift in strategy for the Group, the platform is no longer expected to be utilised. Management has therefore decided to write off the remaining book value which leads to a total impairment loss of DKK 12.854.594 for the year.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost at 1 January	<u>288.787</u>
Cost at 31 December	<u>288.787</u>
Impairment losses and depreciation at 1 January	182.072
Depreciation for the year	<u>85.369</u>
Impairment losses and depreciation at 31 December	<u>267.441</u>
Carrying amount at 31 December	<u>21.346</u>

Notes to the Financial Statements

	2021 DKK	2020 DKK
10 Investments in subsidiaries		
Cost at 1 January	120.944	80.944
Additions for the year	13.000.000	40.000
Disposals for the year	-80.944	0
Cost at 31 December	<u>13.040.000</u>	<u>120.944</u>
Value adjustments at 1 January	-2.918	-29.195
Disposals for the year	80.944	0
Net profit/loss for the year	-12.271.829	26.277
Other adjustments	-78.026	0
Value adjustments at 31 December	<u>-12.271.829</u>	<u>-2.918</u>
Carrying amount at 31 December	<u>768.171</u>	<u>118.026</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
PostalPay Technologies ApS	København	40.000	100%	572.158	-12.467.842

11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	0	92.838
Long-term part	0	92.838
Other short-term payables	1.259.199	1.547.041
	<u>1.259.199</u>	<u>1.639.879</u>

Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> DKK
12 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations	<u>7.576.903</u>	<u>6.349.678</u>

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Inpay Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

13 Related parties

Consolidated Financial Statements

The company is included in the consolidated report for the parent company

<u>Name</u>	<u>Place of registered office</u>
Inpay Holding ApS	Copenhagen

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Eurogiro A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

14 Accounting Policies (continued)

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

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 measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial income and expenses

Financial income and 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 consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with its Parent Company and the Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Completed development projects are measured at cost less accumulated amortisation. Completed development projects are amortised on a straightline basis over their useful lives, assessed at 3 - 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3	years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposit.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Notes to the Financial Statements

14 Accounting Policies (continued)

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.