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# ***Eurogiro A/S***

Toldbodgade 55 B, DK-1253 Copenhagen K

## **Annual Report for 1 January - 31 December 2019**

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CVR No 31 05 66 67

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
11/5 2020

Michael M. Mikkelsen  
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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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, 11 May 2020

## Executive Board

Adam Nicolai Erritzøe  
CEO

## Board of Directors

Jan Ovesen  
Chairman

Jacob Tackmann Thomsen

Johannes Petrus Boon

Mohit Davar

Uwe Holmsgaard

Dame Damevski

# 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 2019, 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' 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.

## 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, 11 May 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Brian Petersen  
statsautoriseret revisor  
mne28701

Ferass Hamade  
statsautoriseret revisor  
mne35441

## **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  
Jacob Tackmann Thomsen  
Johannes Petrus Boon  
Mohit Davar  
Uwe Holmsgaard  
Dame Damevski

### **Executive Board**

Adam Nicolai Erritzøe

### **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, The Eurogiro Financial Supermarket, and to launch new innovative products to the Eurogiro community and beyond.

Consequently, Eurogiro had a negative financial result before tax for 2019 of DKKm 11 (2018 DKKm 9). 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.

### *Euro Settlement Service Provider (ESSP)*

From July 1st 2019 Eurogiro's sistercompany Inpay A/S, has in collaboration with a major European bank offered the central Euro settlement service to Eurogiro members. Inpay A/S is regulated as a payment institution with the Danish Financial Supervisory Authorities and the bank is a major A-rated bank with a solid track record of providing settlement services. The settlement service was launched according to plan and has worked without significant interruptions.

### *Financial Supermarket*

The Financial Supermarket introduces significant revenue growth opportunities for existing and new members. The Financial Supermarket is a front-office, cloud-based platform where Financial Service Providers (such as Money Transfer Organisations) and Postal Operators can integrate. With a single point of integration, this allows for all Postal Operators to distribute services provided by all Financial Service Providers. During 2019 the Financial Supermarket has been launched with Bulgarian Posts and Posta Shqiptare (Albanian Post), has a promising pipeline of new countries and has drawn massive attention from the Eurogiro community and major players from the industry. During 2020 further roll-out of the supermarket to new countries and FSPs will be continued.

## Capital resources

To support the significant investments into the new business platform and product portfolio, the shareholder made a tax free contribution of DKK 16m to Eurogiro A/S as per December 2019. The shareholder has also given a declaration of support, ensuring Eurogiro sufficient liquidity to support the ongoing significant 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.



# Management's Review

## *Outlook*

In the light of the current COVID19 pandemic there is increased uncertainty regarding the financial outlook for 2020. Management have put in place appropriate contingency plans in order to prepare for a longer impact of the pandemic. Based on the development so far, Management expects that the primary impact from the crisis will be potential delays in business development efforts and the speed of the roll-out of the Financial Supermarket.

## Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
<b>Gross profit/loss</b>		<b>-11,550,239</b>	<b>-5,189,717</b>
Staff expenses	1	-1,625,881	-5,526,283
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-409,096	-9,984
Other operating expenses		0	-11,943
<b>Profit/loss before financial income and expenses</b>		<b>-13,585,216</b>	<b>-10,737,927</b>
Income from investments in subsidiaries		-29,195	0
Financial expenses	3	-438,562	-215,404
<b>Profit/loss before tax</b>		<b>-14,052,973</b>	<b>-10,953,331</b>
Tax on profit/loss for the year	4	3,092,930	2,388,877
<b>Net profit/loss for the year</b>		<b>-10,960,043</b>	<b>-8,564,454</b>

## Distribution of profit

### Proposed distribution of profit

Extraordinary dividend paid	0	36,150,000
Retained earnings	-10,960,043	-44,714,454
	<b>-10,960,043</b>	<b>-8,564,454</b>

# Balance Sheet 31 December

## Assets

	Note	2019 DKK	2018 DKK
Completed development projects		5,629,379	0
Development projects in progress		834,953	2,275,554
<b>Intangible assets</b>	5	<b>6,464,332</b>	<b>2,275,554</b>
Other fixtures and fittings, tools and equipment		192,086	0
<b>Property, plant and equipment</b>		<b>192,086</b>	<b>0</b>
Investments in subsidiaries		51,749	0
Deposits		26,929	0
<b>Fixed asset investments</b>		<b>78,678</b>	<b>0</b>
<b>Fixed assets</b>		<b>6,735,096</b>	<b>2,275,554</b>
Trade receivables		823,921	611,922
Receivables from group enterprises		31,933	0
Other receivables		2,247,949	431,935
Deferred tax asset		2,012,585	2,329,924
Corporation tax		3,914,541	500,621
Prepayments		370,987	754,112
<b>Receivables</b>		<b>9,401,916</b>	<b>4,628,514</b>
<b>Cash at bank and in hand</b>		<b>1,595,015</b>	<b>1,587,998</b>
<b>Currents assets</b>		<b>10,996,931</b>	<b>6,216,512</b>
<b>Assets</b>		<b>17,732,027</b>	<b>8,492,066</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		2,507,900	2,507,900
Reserve for development costs		5,042,179	1,774,932
Retained earnings		-2,007,765	-3,828,642
<b>Equity</b>		<b>5,542,314</b>	<b>454,190</b>
Other payables		24,324	0
<b>Long-term debt</b>	6	<b>24,324</b>	<b>0</b>
Prepayments received from customers		703,532	686,344
Trade payables		1,053,565	5,875,750
Payables to group enterprises		10,275,221	1,243,055
Other payables	6	133,071	232,727
<b>Short-term debt</b>		<b>12,165,389</b>	<b>8,037,876</b>
<b>Debt</b>		<b>12,189,713</b>	<b>8,037,876</b>
<b>Liabilities and equity</b>		<b>17,732,027</b>	<b>8,492,066</b>
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## 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	1,774,932	-3,828,642	454,190
Other equity movements	0	0	16,048,167	16,048,167
Development costs for the year	0	3,267,247	-3,267,247	0
Net profit/loss for the year	0	0	-10,960,043	-10,960,043
<b>Equity at 31 December</b>	<b>2,507,900</b>	<b>5,042,179</b>	<b>-2,007,765</b>	<b>5,542,314</b>

# Notes to the Financial Statements

	2019	2018
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	1,599,051	5,286,286
Pensions	15,725	125,951
Other social security expenses	11,105	59,448
Other staff expenses	0	54,598
	<b>1,625,881</b>	<b>5,526,283</b>
<b>Average number of employees</b>	<b>1</b>	<b>3</b>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	345,070	0
Depreciation of property, plant and equipment	64,026	9,984
	<b>409,096</b>	<b>9,984</b>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	403,463	12,762
Other financial expenses	8,450	16,333
Exchange adjustments, expenses	26,649	186,309
	<b>438,562</b>	<b>215,404</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	-3,413,920	-500,622
Deferred tax for the year	317,339	-1,909,924
Adjustment of tax concerning previous years	3,651	21,669
	<b>-3,092,930</b>	<b>-2,388,877</b>

## Notes to the Financial Statements

### 5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost at 1 January	0	2,275,554
Additions for the year	0	4,533,848
Transfers for the year	5,974,449	-5,974,449
Cost at 31 December	<u>5,974,449</u>	<u>834,953</u>
Amortisation for the year	<u>345,070</u>	<u>0</u>
Impairment losses and amortisation at 31 December	<u>345,070</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>5,629,379</u></b>	<b><u>834,953</u></b>
Amortised over	<u>5 years</u>	

During the year, the Company continued to carry out development projects with a view to expanding the Eurogiro activities. The projects relate to development within transactions through the postal network as well as the development of a financial supermarket as a platform for financial services to post offices and postal organisations throughout the world.

The capitalised development costs are attributable to the development of the financial supermarket as well as additional modules for the Company's business platform.

### 6 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:

	2019 DKK	2018 DKK
<b>Other payables</b>		
Between 1 and 5 years	<u>24,324</u>	<u>0</u>
Long-term part	24,324	0
Other short-term payables	<u>133,071</u>	<u>232,727</u>
	<b><u>157,395</u></b>	<b><u>232,727</u></b>

## Notes to the Financial Statements

	<u>2019</u>	<u>2018</u>
	DKK	DKK
<b>7 Contingent assets, liabilities and other financial obligations</b>		
Rental and lease obligations	<u>8,231,028</u>	<u>11,957,521</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.



# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of Eurogiro A/S for 2019 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 2019 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

## 8 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

## 8 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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

### 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

## 8 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

## 8 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.