
Inpay A/S

Toldbodgade 55B 6., DK-1253 Copenhagen

Annual Report for 2022

CVR No. 32 31 77 31

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 21/3 2023

Ulrich Hejle
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 Financial Statements of Inpay A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 21 March 2023

Executive Board

Thomas Jul Pfeiffer
CEO

Board of Directors

Jan Ovesen
Chairman

Steen Trondhjem Nielsen

Ulrich Hejle

Independent Auditor's report

To the shareholder of Inpay 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Inpay A/S for the financial year 1 January - 31 December 2022, 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 Financial 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.

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 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.
- 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, 21 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Petersen

State Authorised Public Accountant

mne28701

Benny Voss

State Authorised Public Accountant

mne15009

Company information

The Company	Inpay A/S Toldbodgade 55B 6. DK-1253 Copenhagen CVR No: 32 31 77 31 Financial period: 1 January - 31 December Incorporated: 20 March 2013 Financial year: 10th financial year 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 4100 Ringsted

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	350,051	274,105	177,406	85,018	52,984
Profit/loss of ordinary primary operations	98,076	77,190	66,758	36,501	-3,376
Profit/loss before financial income and expenses	98,076	77,186	66,030	36,501	-3,376
Profit/loss of financial income and expenses	2,307	16,133	2,266	-8,611	-8,961
Net profit/loss	80,511	74,381	53,789	20,385	-9,334
Balance sheet					
Balance sheet total	606,310	514,792	410,126	227,774	172,719
Equity	92,669	11,090	91,424	37,635	17,250
Ratios					
Gross margin	33.1%	37.9%	39.6%	43.3%	-6.2%
Profit margin	28.0%	28.2%	37.2%	42.9%	-6.4%
Return on assets	16.2%	15.0%	16.1%	16.0%	-2.0%
Solvency ratio	15.3%	2.2%	22.3%	16.5%	10.0%
Return on equity	155.2%	145.1%	83.4%	74.3%	-54.4%

FINANCIAL REVIEW

Strong growth in a transformational year

Inpay achieved a highly satisfying result in 2022 with significant growth in both revenue and net profit. During the year, we invested heavily in our structure, people, and technology to support further growth.

Our revenue amounted to DKK 350 million, a 28% increase, in line with our stated goal to grow at a double-digit rate. Net profit increased by 9% to DKK 81 million and continued our trajectory of profitable growth even though it was a transformational year with significant investments in our people and platform.

Operating expenses and investments

Operating expenses increased by 28% in 2022 to DKK 252 million. This was primarily driven by higher costs related to investments in technology, including a major upgrade to our core payment platform. Additionally, we have invested in our people at every level across the organisation, bringing in new skills and competencies to enable scale and efficiencies. We have also continued investing in key initiatives related to governance, risk, and compliance, which is essential for our business.

We also experienced an increase in travel and meeting activities following the global reopening, post the Covid-19 pandemic. Operating expenses amounted to 72% of revenue.

Income and balance sheet

A net profit of DKK 81 million was recorded for the year, compared to DKK 74 million in 2021. The increase of 9% was partly a consequence of extraordinary costs in 2021 combined with improved operating leverage as a result of the increased costs related to the strategic initiatives.

Profit before tax was DKK 100 million in 2022, compared to DKK 93 million in 2021, an increase of 8%.

In summary, we delivered a satisfying financial result with the underlying performance living up to our expectations, despite the uncertainties in our global markets.

The total value on our balance sheet as of December 31, 2022, was DKK 606 million, compared with DKK 515 million on December 31, 2021. Total equity amounted to DKK 93 million at the end of 2022, compared with DKK 11 million at the end of 2021. Cash reserves as of December 31, 2022, was DKK 418 million, compared with DKK 498 million on December 31, 2021.

External environment

As a highly digitalised organisation, we have a limited impact on the external environment in terms of sustainability. However, being a member of the global financial community, we have a fiduciary duty to fight financial crime. Financial crime has a destructive and devastating effect on the world community; therefore, we have made it a priority to contribute to the safeguarding of the global financial system. We take all reasonable and appropriate measures to prevent persons engaged in money laundering, fraud, or other financial crimes, including the financing of terrorists, or terrorist operations from utilising the Group's products and services.

Outlook

We see many business opportunities in 2023 and will continue to execute on our strategy, with several key initiatives and projects planned that will have a positive impact on profit and liquidity. Revenues are expected to be in the range of DKK 400 million to 470 million, with profit margin at a similar level to 2022 as we continue to drive growth through investment.

This outlook is based on our strengthened organisation and management, our ongoing investments in technology and people, the opportunities defined in our markets, and the strategy implemented to pursue these opportunities.

As an international company with partners and customers around the world, we are subject to varying market conditions. The global macroeconomic situation and the war in Ukraine underline that our assumptions are more uncertain than normal. However, we have not been significantly affected by this in 2022, and do not expect this to change in 2023. In a world in which payments are increasingly being digitalised, Inpay is well-positioned for strong growth in 2023 and beyond.

Strong focus on Governance, Risk, and Compliance (GRC)

As Inpay grows, processes for governance, risk management, and compliance are becoming still more mature and professional. In 2022, we invested in a new platform for risk management. And our employees received training in handling issues and challenges that come from being a growing company in the fintech industry.

By operating in complex environments and jurisdictions all over the world, Inpay experiences increasing demands on the way we run our business - both internally and externally. Strong governance is the backbone for our scalability.

One integrated platform for consistency

We have established an integrated risk management system (based on RISMA) that takes our approach to governance, risk, and compliance to the next level in terms of quality. Our new platform for Governance, Risk and Compliance (GRC) can be seen as a central nervous system that connects our risks to controls, policies, and procedures. Instead of employing a fragmented approach and addressing issues in isolation, it allows us to have an integrated overview, ensuring gaps are discovered and treated effectively in their early stages.

The GRC-platform is data-driven and enables us to analyse and evaluate essential and critical matters. It provides a qualified and resource efficient decision tool for our management.

Strong policies and standards are key

Inpay is an authorised payments provider in the EU, licensed and regulated by the Danish FSA, and has therefore built a strong framework to comply with regulatory requirements. Closely following developments in the legislation, regulation, as well as best practices and recommendations from international bodies such as the FATF, we have established robust Know Your Customer (KYC) procedures, expressed in thorough customer due diligence and ongoing due diligence checks against politically exposed person lists (PEPs) and all relevant sanction lists, including OFAC, UN, EU, and HMT.

Inpay makes sure to understand our partners' business models in depth, ensuring that we establish and maintain sound relationships. By employing consistent checks on our customers, partners, and network, Inpay offers a high level of compliance and trustworthiness.

In addition, we have policies and guidelines that inform our activities, both internally and externally. These include our Code of Conduct, Enterprise Risk

Management Policy, Compliance Policy, Anti-Money Laundering Policy, and Data Protection Policy.

On top of these measures, we strive to ensure a high level of diversity and employee integrity, which is detailed in our policy for Board Diversity and a focused Whistleblower Scheme.

Extensive communication and training vital

Our management team plays a core role in securing ownership of our governance and implementation of policies and underlying documents. We recognise that training and communication are paramount to the further development of our organisation and enable us to be best-in-class when it comes to governance and compliance.

Inpay's management has allocated a specific budget for training and qualifications, ensuring that the team is constantly gaining and sharing knowledge to handle our challenges, recognising the importance of the Governance, Risk & Compliance Team.

All of our employees receive mandatory training on the GRC-platform, and when onboarding new employees, we have a strong focus on GRC. Also, the Governance, Risk & Compliance Team understands the need to be close to the business and has regular visits to all departments to have open talks about the challenges and issues they have experienced.

For Inpay, compliance is not just an internal matter. As part of our due diligence procedures, we also have compliance calls with our partners to discuss framework topics, methodology, and reporting. In this way, we are making sure we have a clear understanding of any issues which arise and that we are compliant and act responsibly.

Forward looking approach important

We believe that we must constantly strive to improve - especially when it comes to protecting our customers and systems. We also understand that the fight against financial crime requires constant vigilance and improvement, not only to remain compliant but also to protect customers and the broader society.

We work to ensure that our systems can cater to these challenges, and data quality is a fundamental part of that. Besides our new risk management system, we expect to expand the monitoring system to improve our ability to detect eventual financial crime and fraud-related activities in our payment systems.

We understand the significance of comprehensive training for our managers and employees in utilising the platform effectively. It will serve as a critical protection and decision-making tool, which is fundamental to our value creation and essential to secure our licence to operate and grow.

Risk management at Inpay - value protection and value creation

Inpay's approach to enterprise risk management provides a framework for robust and comprehensive risk management. It supports our organisation in defining our strategy, achieving our goals, and helps us make well-informed decisions. And, it's securing the value and integrity of money transfers and cross border payments, which is of paramount importance. Our approach is based on the highest industry standards and tailored to our specific profile and activities.

Enterprise risk management (ERM) enables the company to effectively deal with uncertainty and associated risk and opportunity; enhancing our capacity to build value. It allows us to achieve the right mix of risk and return, as well as efficiently, and effectively deploy our resources.

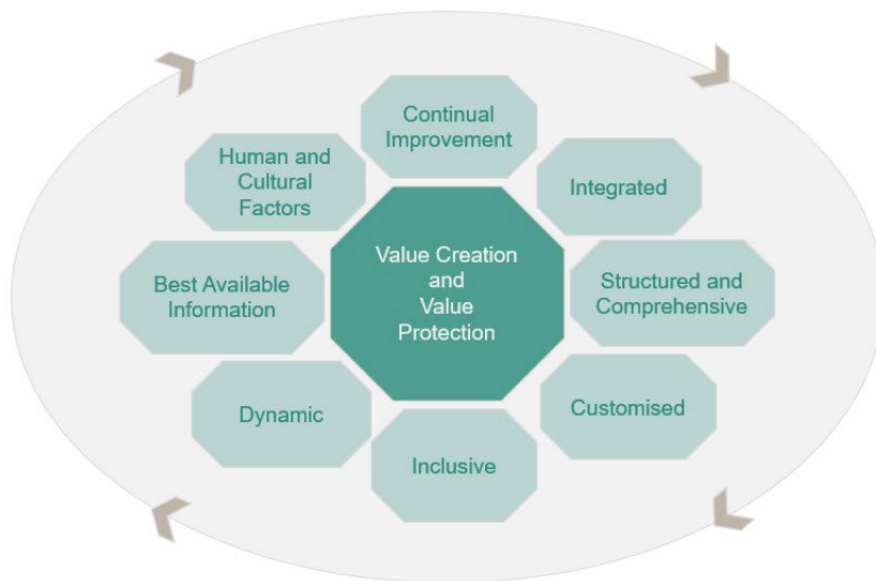
ERM plays a key role in ensuring that risk management fulfils its purposes of value creation and value protection by:

1. Ensuring that Inpay's risk appetite aligns with its strategic goals, by enabling management to evaluate various strategic options with a clear understanding of the company's risk profile.
2. Improving risk response decisions by providing a framework to identify and select alternative responses – risk avoidance, reduction, sharing, and acceptance.
3. Reducing operational losses, as Inpay increases its capability to identify potential events and establish responses, reducing the number of unexpected events and associated costs or losses.
4. Identifying and managing cross-enterprise risks by facilitating effective responses to the interrelated impacts, and integrated responses to multiple risks.
5. Seizing opportunities, as management is supported by risk knowledge to identify and proactively realise opportunities.

Principles, roles, and model

Inpay strives to achieve excellence in risk management and is guided by the eight principles outlined below:

Principles of Risk Management at Inpay



The model demonstrates the principles that are in play to support the overall mission for risk management – value creation and value protection.

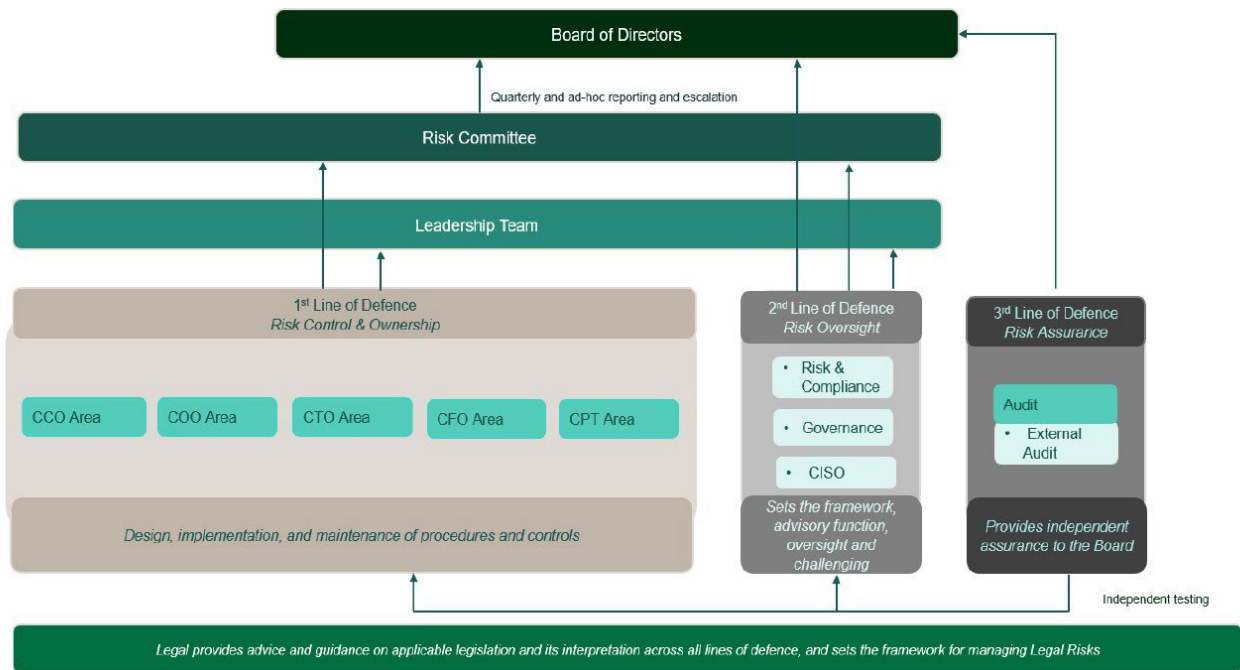
To ensure ownership of the different areas of risk management, we have clarified roles and responsibilities at Inpay. In this way, we increase the understanding of controls, governance, and risk management, and consequently support Inpay's efforts to respond to risks effectively. Managing the company's risks is the responsibility of every single employee at Inpay, and it entails, as a minimum, the following obligations:

- Foster a culture of transparency and risk awareness across Inpay.
- Comply with applicable regulation, as well as company policies, guidelines, and procedures, following Inpay's Governance.
- Promptly communicate any breaches or incidents to the appropriate manager.
- Report to their immediate manager any real or perceived risks that may impact Inpay.

- Look for opportunities to improve operational efficiencies, optimise outcomes and minimise risk.

As Inpay aspires to abide by the highest standards of risk management, we have adopted the Three Lines of Defence Model, developed by the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditing (ECIIA).

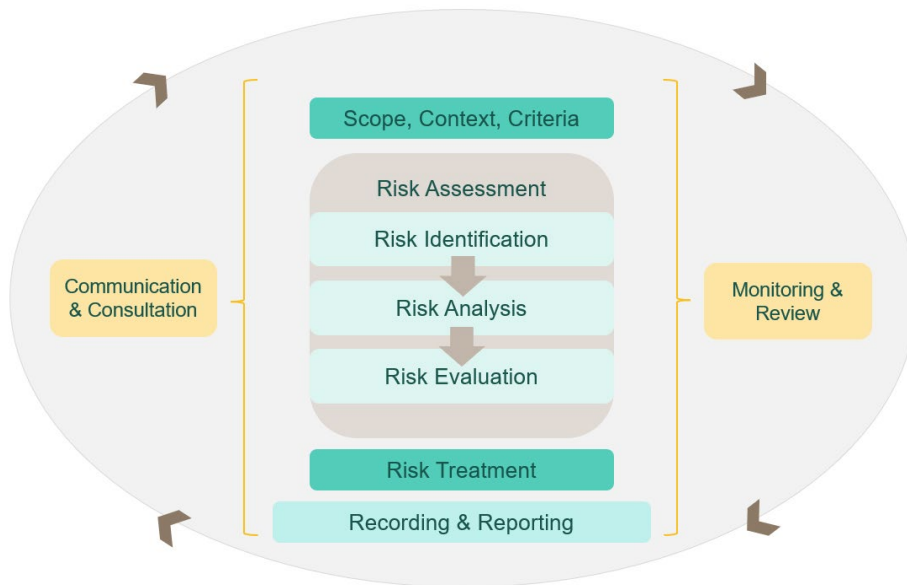
Overview of Roles and Responsibilities at Inpay



The model illustrates the responsibilities and roles related to the three lines of defence, the Legal Function, the Leadership Team, the Board of Directors, and the Risk Committee.

Risk Management Process

Managing risks at Inpay is a continuous activity, which requires communication and consultation with stakeholders to define the scope, context, and criteria of a risk assessment. In this process, we identify risk factors that could influence the value creation in our products, processes, markets, and operations. A specific risk treatment is designed, risks are recorded in Inpay's risk management system, reported to the relevant stakeholders, and monitored and reviewed on an ongoing basis.



Inpay has established a specific methodology and taxonomy for risk management, with the following main risk categories:

- 1) Financial risks include credit risk, liquidity risk, and foreign exchange risk.
- 2) Non-financial risks include operational risk, financial crime risk, legal and regulatory risk, technology risk, and financial control risk.
- 3) Strategic risks include concentration risk and external risk.

Currently, Inpay has special focus on further addressing the following risks:

1. Financial crime risk
2. IT security risk
3. IT stability risk

Moreover, operating across multiple global jurisdictions, Inpay is also aware of how external factors may impact its business activities.

At Inpay, risks are openly discussed in different forums, including the Risk Committee and the Board of Directors, ensuring that their impact and mitigation are addressed in a clear and transparent manner. We communicate the substance of these risks to our partners to be able to find common ways to mitigate them.

Going forward

At Inpay, we see risks as a natural consequence of running a complex business in the fintech industry. This is why we have teamed up, implemented new governance and control systems, and are prioritising risk management at all levels in our company. We are also focusing on monitoring and influencing the risk picture in our value chain, to mitigate risk on an ongoing basis while creating a common risk management culture and standardised processes.

We believe risk management is about protecting your operation and assets, as well as an opportunity to create value by keeping sound and risk-aware relationships with partners and customers. By demonstrating that we treat this field professionally and ambitiously, we work to gain reputation and trust. This is key to success in our industry.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Revenue		350,051,426	274,104,883
Direct expenses		-51,032,760	-46,284,829
Other external expenses		-183,171,971	-123,903,328
Gross profit		115,846,695	103,916,726
Staff expenses	1,2	-17,771,024	-26,726,329
Other operating expenses		0	-4,311
Profit/loss before financial income and expenses		98,075,671	77,186,086
Income from investments in subsidiaries		10,058,179	7,244,672
Financial income	3	5,029,894	8,951,918
Financial expenses	4	-12,781,222	-64,039
Profit/loss before tax		100,382,522	93,318,637
Tax on profit/loss for the year	5	-19,871,355	-18,937,210
Net profit/loss for the year	6	80,511,167	74,381,427

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Investments in subsidiaries	7	26,889,560	16,376,280
Fixed asset investments		26,889,560	16,376,280
Fixed assets		26,889,560	16,376,280
Receivables from group enterprises		149,699,478	87,652,735
Other receivables		11,624,823	12,662,787
Prepayments	8	271,863	167,559
Receivables		161,596,164	100,483,081
Cash at bank and in hand	9	417,824,228	397,932,203
Current assets		579,420,392	498,415,284
Assets		606,309,952	514,791,564

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		14,500,000	14,500,000
Reserve for net revaluation under the equity method		22,851,260	12,326,272
Retained earnings		55,317,944	-15,736,323
Equity		92,669,204	11,089,949
Payables to group enterprises		41,986,811	0
Long-term debt		41,986,811	0
Prepayments received from customers		353,611,857	305,828,419
Trade payables		631,837	1,053,461
Payables to group enterprises		87,404,631	156,809,432
Corporation tax		19,258,357	18,145,622
Other payables		10,747,255	21,864,681
Short-term debt		471,653,937	503,701,615
Debt		513,640,748	503,701,615
Liabilities and equity		606,309,952	514,791,564
Contingent assets, liabilities and other financial obligations	10		
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Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	14,500,000	12,326,272	-15,736,322	11,089,950
Exchange adjustments relating to foreign entities	0	-53,777	0	-53,777
Other equity movements	0	508,878	612,986	1,121,864
Net profit/loss for the year	0	10,069,887	70,441,280	80,511,167
Equity at 31 December	14,500,000	22,851,260	55,317,944	92,669,204

Other equity movements of DKK 612,986 relates to tax benefit of an equity based warrant scheme established for the employees of Inpay A/S, in a different Company in the Group.

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	17,722,747	26,503,288
Pensions	0	126,360
Other social security expenses	48,277	38,884
Other staff expenses	0	57,797
	<u>17,771,024</u>	<u>26,726,329</u>
 Including remuneration to the Executive Board and Board of Directors:		
Executive board	4,962,390	13,964,130
Board of directors	568,655	175,000
	<u>5,531,045</u>	<u>14,139,130</u>
 Average number of employees	<u>7</u>	<u>4</u>
	<u>2022</u>	<u>2021</u>
	DKK	DKK
2. Special items		
Employee bonuses	7,409,798	18,250,768
Write-downs of current assets, that exceed normal write-downs	0	6,154,629
	<u>7,409,798</u>	<u>24,405,397</u>
	<u>2022</u>	<u>2021</u>
	DKK	DKK
3. Financial income		
Interest received from group enterprises	5,931,776	4,354,903
Other financial income	100	0
Exchange gains	-901,982	4,597,015
	<u>5,029,894</u>	<u>8,951,918</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
4. Financial expenses		
Interest paid to group enterprises	5,190,702	0
Other financial expenses	82,183	64,039
Exchange adjustments, expenses	7,508,337	0
	<u>12,781,222</u>	<u>64,039</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
5. Income tax expense		
Current tax for the year	19,871,355	18,937,210
	<u>19,871,355</u>	<u>18,937,210</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
6. Profit allocation		
Extraordinary dividend paid	0	156,600,000
Reserve for net revaluation under the equity method	10,069,887	7,252,696
Retained earnings	70,441,280	-89,471,269
	<u>80,511,167</u>	<u>74,381,427</u>

Notes to the Financial Statements

	2022	2021
	DKK	DKK
7. Investments in subsidiaries		
Cost at 1 January	4,050,008	4,058,032
Disposals for the year	-11,708	-8,024
Cost at 31 December	<u>4,038,300</u>	<u>4,050,008</u>
Value adjustments at 1 January	12,326,272	3,980,431
Disposals for the year	0	210
Exchange adjustment	-53,777	0
Net profit/loss for the year	10,069,887	7,252,486
Other equity movements, net	508,878	1,093,145
Value adjustments at 31 December	<u>22,851,260</u>	<u>12,326,272</u>
Carrying amount at 31 December	<u>26,889,560</u>	<u>16,376,280</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Inpay Services ApS	Copenhagen	4,000,000	100%
Inpay Services UK Limited	London	GBP 1	100%

8. Prepayments

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

9. Cash at bank and in hand

The Company's total cash at bank and in hand amounts to DKK 417.824k (2021: DKK 397.932k). DKK 6.171k (2021: DKK 6.000k) of this amount are the Company's own bank deposits, and the remaining DKK 411.653k (2021: DKK 391.932k) relates to separate customer accounts with external banks and balances with third parties.

Customer accounts are separated from the Company's own funds by placement in escrow accounts with credit institutions.

Notes to the Financial Statements

10. Contingent assets, liabilities and other financial obligations

Contingent liabilities

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 TopCo 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.

Other than that, there are no security and contingent liabilities at 31 December 2022.

11. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Inpay TopCo ApS	Ultimate Parent Company
Inpay Holding A/S	Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

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

12. Subsequent events

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

Notes to the Financial Statements

13. Accounting policies

The Annual Report of Inpay A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Inpay Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Inpay Holding A/S, the Company has not prepared a cash flow statement.

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

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.

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

Income statement

Net sales

Revenues are recognised at the rate of completion of the paymentservices, which means that revenue equals the selling price of the service completed for the year, and when it is probable that the economic benefits, including payments, will flow to the Company.

Notes to the Financial Statements

Direct expenses

Direct expenses comprise direct costs related to the processing of transactions, including bank fees etc.

Other external expenses

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

Gross profit

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

Staff expenses

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

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.

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 moderselskabet og de danske dattervirksomheder. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

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.

Notes to the Financial Statements

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.

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

Prepayments received from customers comprise transaction payables to the Company's customers (merchants) relating to normal transactions with those. The balance comprises normal purchases of goods and services on credit terms. These payables are measured at amortised cost usually corresponding to nominal value.

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$