
Inpay A/S

Toldbodgade 55B 6., DK-1253 Copenhagen K

Annual Report for 1 January - 31 December 2019

CVR No 32 31 77 31

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/3 2020

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 Annual Report of Inpay 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, 24 March 2020

Executive Board

Jacob Tackmann Thomsen
CEO

Daniel Dan Friis

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 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 Inpay 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 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.

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, 24 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Petersen
statsautoriseret revisor
mne28701

Benny Voss
statsautoriseret revisor
mne15009

Company Information

The Company

Inpay A/S
Toldbodgade 55B 6.
DK-1253 Copenhagen K

CVR No: 32 31 77 31
Financial period: 1 January - 31 December
Incorporated: 20 March 2013
Financial year: 7th financial year
Municipality of reg. office: Copenhagen

Board of Directors

Jan Ovesen, Chairman
Steen Trondhjem Nielsen
Ulrich Hejle

Executive Board

Jacob Tackmann Thomsen
Daniel Dan Friis

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Eventyrvej 16
DK-4100 Ringsted

Management's Review

Key activities

The object of the Company is to provide payment services through electronic money transfers as a financial undertaking in accordance with the Company's licence from the Danish Financial Supervisory Authority as a Payments Institute.

Development in the year

The income statement of the Company for 2019 shows a profit of DKK 20,385,214, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 37,635,421.

Management find the result for the year satisfactory.

Targets and expectations for the year ahead

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 COVID19 pandemic. It is management's expectation that, based on the diverse client industry segments and geographical spread of markets together with prepared contingency plans, Inpay will remain profitable despite the expected significant financial impacts from the current crisis.

Subsequent events

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

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Gross profit/loss		36.836.673	-3.300.789
Staff expenses	1	<u>-335.589</u>	<u>-75.102</u>
Profit/loss before financial income and expenses		36.501.084	-3.375.891
Income from investments in subsidiaries		-6.224.288	1.313.344
Financial income	2	786.229	384.205
Financial expenses	3	<u>-3.172.592</u>	<u>-10.658.667</u>
Profit/loss before tax		27.890.433	-12.337.009
Tax on profit/loss for the year	4	<u>-7.505.219</u>	<u>3.003.078</u>
Net profit/loss for the year		<u>20.385.214</u>	<u>-9.333.931</u>

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	-6.224.288	1.295.033
Retained earnings	<u>26.609.502</u>	<u>-10.628.964</u>
	<u>20.385.214</u>	<u>-9.333.931</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2019</u> DKK	<u>2018</u> DKK
Investments in subsidiaries		5.470.393	11.694.372
Fixed asset investments		5.470.393	11.694.372
Fixed assets		5.470.393	11.694.372
Receivables from group enterprises		8.834.495	6.339.817
Other receivables		8.815.067	6.556.891
Deferred tax asset		0	3.629.259
Prepayments		27.874	27.337
Receivables		17.677.436	16.553.304
Cash at bank and in hand	5	204.625.850	144.471.213
Currents assets		222.303.286	161.024.517
Assets		227.773.679	172.718.889

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		14.500.000	14.500.000
Reserve for net revaluation under the equity method		1.400.889	7.606.724
Retained earnings		21.734.532	-4.856.827
Equity		37.635.421	17.249.897
Funds payable and amounts due to customers		173.170.716	129.142.852
Payables to group enterprises		12.732.523	10.697.772
Corporation tax		3.875.960	0
Other payables		359.059	15.628.368
Short-term debt		190.138.258	155.468.992
Debt		190.138.258	155.468.992
Liabilities and equity		227.773.679	172.718.889
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

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	7.606.724	-4.856.826	17.249.898
Exchange adjustments relating to foreign entities	0	309	0	309
Other equity movements	0	18.144	-18.144	0
Net profit/loss for the year	0	-6.224.288	26.609.502	20.385.214
Equity at 31 December	14.500.000	1.400.889	21.734.532	37.635.421

Notes to the Financial Statements

	2019	2018
	DKK	DKK
1 Staff expenses		
Wages and salaries	335.400	75.000
Other social security expenses	189	102
	<u>335.589</u>	<u>75.102</u>
Average number of employees	<u>1</u>	<u>1</u>
2 Financial income		
Interest received from group enterprises	786.229	384.205
	<u>786.229</u>	<u>384.205</u>
3 Financial expenses		
Interest paid to group enterprises	732.580	178.955
Other financial expenses	9.429	741.210
Exchange adjustments	2.430.583	9.738.502
	<u>3.172.592</u>	<u>10.658.667</u>
4 Tax on profit/loss for the year		
Current tax for the year	3.875.960	0
Deferred tax for the year	3.629.259	-3.003.078
	<u>7.505.219</u>	<u>-3.003.078</u>

5 Cash at bank and in hand

The Company's total cash at bank and in hand amounts to DKK 204,626k (2018: DKK 144,471k). DKK 14,938k (2018: DKK 8,955k) of this amount are the Company's own bank deposits, and the remaining DKK 189,688k (2018: DKK 135,516k) relates to separate customer accounts with external banks and 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

6 Contingent assets, liabilities and other financial obligations

As the Company operates in a market in which financial transactions may be abused to transfer funds originating from illegal activities, Inpay and its transaction partners have special focus on compliance as well as the screening and monitoring of transactions. Therefore, Inpay often has transactions which are retained "pending compliance control", which means that the transaction is subject to further investigation and may be reported to public authorities. In such cases, the funds are "frozen" in Inpay's accounts. This also applies to our transaction partners who are national and international banks. It is therefore not unusual for an Inpay transaction to be frozen.

As part of a standard contractual basis, the agreements between Inpay and its customers (merchants) lay down criteria for the settlement of seized funds. These determine that it is at all times Inpay's customers who are responsible for indemnifying Inpay if frozen amounts are seized. However, amounts are seized only very rarely and only where public authorities are involved. Apart from the matters mentioned below, Inpay has no knowledge of any of the accounts frozen by counterparty banks having been frozen at the request of public authorities.

Frozen accounts at 31 December 2019 after set-off of Inpay's payables to customers assessed to have caused the freezing of the accounts show a net exposure of DKK 22.8 million (2018: DKK 22.3 million).

Due to the contractual basis, it is assessed that the said net exposure may be recovered from Inpay's customers. It is therefore Management's assessment that there is a limited risk of loss.

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 for 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 2019.

There are no security and contingent liabilities at 31 December 2019.

Notes to the Financial Statements

7 Accounting Policies

The Annual Report of Inpay 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

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Income Statement

Revenue

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.

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 and other external expenses.

Staff expenses

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

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

Notes to the Financial Statements

7 Accounting Policies (continued)

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 includes the proportionate ownership share of the net asset values 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.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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.

Notes to the Financial Statements

7 Accounting Policies (continued)

Payables

Trade payables primarily 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.