
Inpay A/S

Toldbodgade 55B 6., DK-1253 Copenhagen K

Annual Report for 1 January - 31 December 2020

CVR No 32 31 77 31

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/3 2021

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 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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, 17 March 2021

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, 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.

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.

Independent Auditor's Report

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.
- 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

Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ringsted, 17 March 2021

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: 8th 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

Financial Highlights

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

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Operating profit/loss	62.758	36.501	-3.376	-7.394	-1.421
Profit/loss before financial income and expenses	66.030	36.501	-3.376	-7.394	-1.421
Net financials	2.266	-8.611	-8.961	3.357	2.292
Net profit/loss for the year	53.789	20.385	-9.334	-2.459	1.507
Balance sheet					
Balance sheet total	410.126	227.774	172.719	63.299	52.243
Equity	91.424	37.635	17.250	17.044	19.504
Number of employees	1	1	1	1	1
Ratios					
Return on assets	16,1%	16,0%	-2,0%	-11,7%	-2,7%
Solvency ratio	22,3%	16,5%	10,0%	26,9%	37,3%
Return on equity	83,4%	74,3%	-54,4%	-13,5%	8,0%

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 Institution.

Development in the year

The income statement of the Company for 2020 shows a profit of DKK 53.788.642, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 91.423.789.

Management find the result for the year satisfactory.

The past year and follow-up on development expectations from last year

The development in operating profit has been in line with the budget for the year.

Operating risks and financial risks

As a payment service provider, the Company is inherently exposed to several risks common to the financial services industry, including fraud, AML/CTF compliance risks and risks related to operational stability and security (IT). In addition, as the Company facilitates cross-border payments, counterparty, and FX risks are inherent in the business model. A wide range of controls and procedures are implemented to mitigate these risks. In 2020 the company significantly strengthened its Governance, Risk & Compliance framework. In Q1 2020 the Company launched a comprehensive 18 months project to improve and strengthen its GRC (Governance, Risk and Compliance) setup and AML/CTF/KYC functions.

The project was carried out with the assistance of external well-renowned compliance consultants and in parallel relevant functions has increased the number of full-time employees.

The result has been a further formalization of Policies, Processes, Risks & Controls, Procedures and work instructions for all functions, as well as additional staff in the Risk & Compliance function to ensure that the Company has adequate resources to closely monitor and mitigate risks. Furthermore, the company has moved to a traditional Three Lines Of Defence operating model in accordance with best practices. The project has been progressing as planned and is expected to be fully concluded by Q2 2021. The Company is planning further strengthening of its GRC setup after the completion of the project.

In October 2020 the Company was subject to the routine inspection by its regulatory body, the Danish FSA. The FSA inspection report has not finalized yet and the Company expect the FSA report to be published in Q2 2021. The Company will closely evaluate feedback from the FSA and resolutely take all appropriate corrective actions where necessary.

Management's Review

Targets and expectations for the year ahead

The Company has launched numerous new business initiatives which will have a positive impact on both liquidity and the income statement for the financial year 2021. As a result of these initiatives, Management aims to continue the increase in revenue and operating profit for 2021, with a goal to grow by 25 to 50%.

Research and development

The Company is continuously developing its different lines of businesses with new products and solutions.

External environment

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

Intellectual capital resources

The continued success the Company, being a fintech organisation, relies heavily on internal intellectual resources. Primarily these are closely linked to highly skilled staff within especially the areas of IT development, compliance and regulatory areas. Proprietary and inhouse built operating systems play a key role in our product offering

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

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>2020</u> DKK	<u>2019</u> DKK
Gross profit/loss		70.234.024	36.836.673
Staff expenses	2	-3.975.583	-335.589
Other operating expenses		<u>-227.987</u>	<u>0</u>
Profit/loss before financial income and expenses	1	66.030.454	36.501.084
Income from investments in subsidiaries		2.579.816	-6.224.288
Financial income	3	1.632.453	786.229
Financial expenses	4	<u>-1.946.007</u>	<u>-3.172.592</u>
Profit/loss before tax		68.296.716	27.890.433
Tax on profit/loss for the year	5	<u>-14.508.074</u>	<u>-7.505.219</u>
Net profit/loss for the year		<u>53.788.642</u>	<u>20.385.214</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Investments in subsidiaries	6	8.038.463	5.470.392
Fixed asset investments		8.038.463	5.470.392
Fixed assets		8.038.463	5.470.392
Receivables from group enterprises		50.511.254	8.834.495
Other receivables		13.158.735	8.815.067
Prepayments	7	50.315	27.874
Receivables		63.720.304	17.677.436
Cash at bank and in hand	8	338.367.449	204.625.850
Currents assets		402.087.753	222.303.286
Assets		410.126.216	227.773.678

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2020</u> DKK	<u>2019</u> DKK
Share capital		14.500.000	14.500.000
Reserve for net revaluation under the equity method		3.980.431	1.400.889
Retained earnings		<u>72.943.358</u>	<u>21.734.532</u>
Equity		<u>91.423.789</u>	<u>37.635.421</u>
Funds payable and amounts due to customers		286.904.730	173.170.716
Payables to group enterprises		12.896.705	12.732.523
Corporation tax		14.508.054	3.875.960
Other payables		<u>4.392.938</u>	<u>359.058</u>
Short-term debt		<u>318.702.427</u>	<u>190.138.257</u>
Debt		<u>318.702.427</u>	<u>190.138.257</u>
Liabilities and equity		<u>410.126.216</u>	<u>227.773.678</u>
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

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	1.400.889	21.734.532	37.635.421
Dissolution of previous years' revaluation	0	485	0	485
Exchange adjustments relating to foreign entities	0	-759	0	-759
Net profit/loss for the year	0	2.579.816	51.208.826	53.788.642
Equity at 31 December	14.500.000	3.980.431	72.943.358	91.423.789

Notes to the Financial Statements

	2020 DKK	2019 DKK
1 Special items		
Write-downs of current assets, that exceed normal write-downs	26.811.353	0
	26.811.353	0

The Company has written down assets relating to bank accounts classified as frozen accounts, as Management has deemed the assets irrecoverable. Frozen accounts relate to transactions which are retained "pending compliance control" or from funds that have become inaccessible for other reasons, such as fx. financial or technical difficulties at third party providers. In such cases, the funds are "frozen" in Inpay's accounts.

The write-down is based on communication with the Company's legal advisors.

	2020 DKK	2019 DKK
2 Staff expenses		
Wages and salaries	3.962.005	335.400
Pensions	8.424	0
Other social security expenses	5.154	189
	3.975.583	335.589
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	5.304.560	3.000.000
Board of Directors	175.000	105.000
	5.479.560	3.105.000
Average number of employees	1	1

A part of the remuneration to the Executive Board and Board of Directors have been incurred in the subsidiary Inpay Services ApS and invoiced to the Company. This part is therefore presented as other external expenses and not staff expenses in the annual report, but is still included in the remuneration to the Executive Board and Board of Directors above.

Notes to the Financial Statements

	2020 <u>DKK</u>	2019 <u>DKK</u>
3 Financial income		
Interest received from group enterprises	1.632.453	786.229
	<u>1.632.453</u>	<u>786.229</u>
4 Financial expenses		
Interest paid to group enterprises	0	732.580
Other financial expenses	14.212	9.429
Exchange adjustments	1.931.795	2.430.583
	<u>1.946.007</u>	<u>3.172.592</u>
5 Tax on profit/loss for the year		
Current tax for the year	14.508.054	3.875.960
Deferred tax for the year	0	3.629.259
Adjustment of tax concerning previous years	20	0
	<u>14.508.074</u>	<u>7.505.219</u>
6 Investments in subsidiaries		
Cost at 1 January	4.069.503	4.069.195
Additions for the year	23.034	308
Disposals for the year	-34.505	0
Cost at 31 December	<u>4.058.032</u>	<u>4.069.503</u>
Value adjustments at 1 January	1.400.889	7.624.868
Disposals for the year	485	0
Exchange adjustment	-759	309
Net profit/loss for the year	2.579.816	-6.224.288
Value adjustments at 31 December	<u>3.980.431</u>	<u>1.400.889</u>
Carrying amount at 31 December	<u>8.038.463</u>	<u>5.470.392</u>

Notes to the Financial Statements

7 Prepayments

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

8 Cash at bank and in hand

The Company's total cash at bank and in hand amounts to DKK 338.367k (2019: DKK 204.626k). DKK 24.081k (2019: DKK 14.938k) of this amount are the Company's own bank deposits, and the remaining DKK 314.286k (2019: DKK 189.688k) 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.

9 Distribution of profit

	<u>2020</u> DKK	<u>2019</u> DKK
Reserve for net revaluation under the equity method	2.579.816	-6.224.288
Retained earnings	<u>51.208.826</u>	<u>26.609.502</u>
	<u>53.788.642</u>	<u>20.385.214</u>

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 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 2020.

Notes to the Financial Statements

11 Related parties

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.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Inpay Holding ApS, Copenhagen

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

12 Accounting Policies

The Annual Report of Inpay A/S for 2020 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 2020 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Inpay Holding ApS, 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 ApS, 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

Notes to the Financial Statements

12 Accounting Policies (continued)

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

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, other operating income 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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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.

Funds payable and amounts due to customers and other debt

Funds payable and amounts due to customers 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.

Financial Highlights

Explanation of financial ratios

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