Inpay Holding A/S

Annual Report 2022

Accounting period 17 November – 31 December

inpay

Toldbodgade 55B – DK-1253 Copenhagen
CVR: 43655965

Adopted at the Annual General Meeting on 21 March 2023

Ulrich Hejle – Chair of meeting

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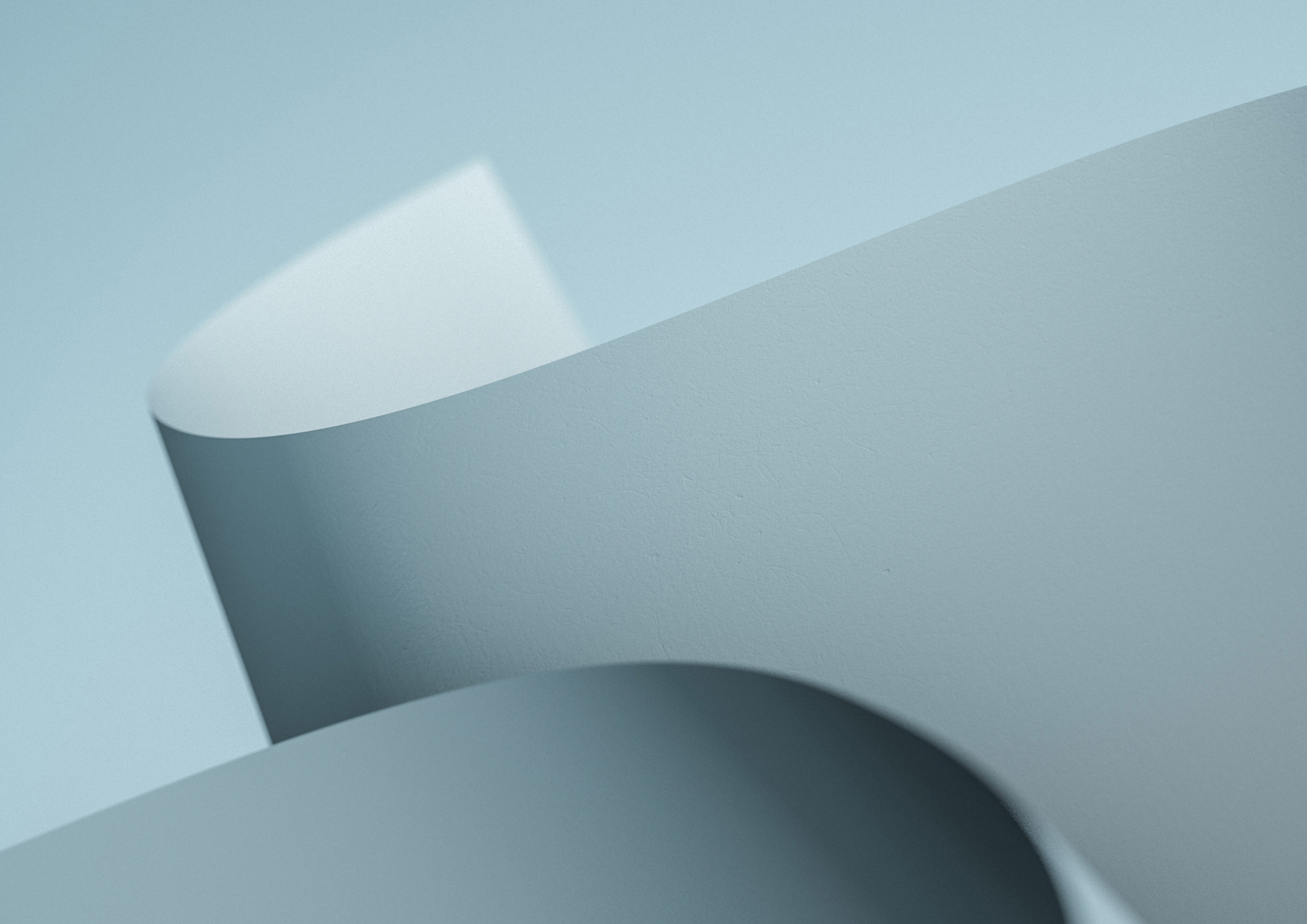


Management review

Letter from our CEO

From opportunistic start-up to professional scale-up

2022 was a year of true transformation for Inpay. With the impressive trajectory Inpay has been on in recent years, growing revenue by nearly DKK 300 million since 2018, we knew that 2022 would be an instrumental year for professionalising our operations, ensuring a strong foundation for further growth. We took significant steps throughout the year by investing in our organisation, technology, and leadership. Whilst the transformation journey has only just begun, we are happy with our results to date, and confident in our ability to leverage these steps to create value for our business, customers, society, and other stakeholders.

In February 2022 I had the great privilege to take over as CEO of Inpay, following in the footsteps of our founder Jacob Tackmann Thomsen. Since then, Inpay has undergone significant organisational change, not least in the leadership team where we have strengthened the team with exceptional profiles. Their wealth of experience in the fintech as well as adjacent industries has created a highly competent team, fit for executing our strategy.

I have been deeply impressed by the passion and engagement shown by our colleagues across the organisation during this transformation. Our ability and willingness to change is a key differentiator in driving our development and in enabling us to attract even more highly talented people to our already capable organisation. We are confident that we will continue to evolve our culture and organisation in a positive direction, underlined by an improved position in the Organisational Health Index, a benchmarking tool designed by McKinsey.

New strategy with ambitious targets
We have launched a new strategy with ambitious targets for 2025 and defined the key priorities required to reach our goals. Broken down, these priorities contain 30 specific initiatives that will be executed over the coming years to help us reach our goals for development and growth.

A core pillar in this strategy is the development of a new operating model to increase the focus on serving our customers and making the organisation more effective. The model defines clear workstreams and empowers both leaders and employees to make decisions. I am convinced this will help us become even faster and more efficient, increasing service delivery to our customers and strengthening our company.

Immense market opportunities
The market opportunities for our business are significant. Today, less than 3% of global payments are managed outside the traditional banking sector. With the current low level of innovation by traditional banks, the penetration of non-traditional actors in the industry is expected to increase significantly. Focusing on Account-to-Account, Business-to-Business payments, we are well positioned in one of the fastest-growing sub-sectors of the cross-border payments market in the world.

Our ultimate goal is to create a diversified business with a broad client base, offering a wide range of services, tailored to individual sectors. Getting there requires us to carefully and selectively target the segments we aim for. We continuously assess sectors in which we believe we can win and carefully structure our roadmap to leverage our unique capabilities, both now and in the future. Through this, we will ensure that we can achieve sustainable growth and provide ever increasing value to our customers.

Social responsibility is part of our business
Social responsibility is integrated into our DNA and an essential part of our business.

Our commercially viable payment offering is simultaneously democratising cross-border financial transactions, making it possible to transfer money to every corner of the world easily, quickly, and safely. We continue to explore and develop partnerships that enable us to create a compliant, fast, cost-efficient, and secure payment system for humanitarian aid organisations across the world.

In 2022, we prepared the launch of our PostalPay app in Uganda in partnership with PostBank Uganda and Posta Uganda, and in cooperation with the United Nations fund IFAD. This project will enable better financial inclusion and will be an important marker to assess how we can use our products to do good for the large group of financially underserved people and businesses globally.

At the same time, we are fully aware that our industry is exposed to illegal activities, including attempted fraud and money laundering. Turning this challenge into a competitive differentiator, we have used our experience from 15 years in payments to implement very high standards when it comes to governance, compliance, and risk management. As part of our operations, we continuously assess and monitor our customers' and partners' businesses and transfers. With our ambition to support and encourage businesses and individuals that drive development for the better, we decline to do business with specific industries and companies that fail to meet these high standards.

Future growth trajectory

Inpay is uniquely positioned for future growth, and we expect our trajectory to accelerate in the coming years. We will continue to face challenges on our journey ahead, but through the steps taken in previous years – including 2022 – we will turn these challenges into opportunities; we are ready to explore these with full confidence and commitment.

We have an experienced leadership team and highly skilled employees whom I would like to thank for their outstanding contributions in 2022. Their drive and passion create value for our customers and build a society with more efficient payment systems, enabling payments in all corners of the world.

We look to the future with excitement, and we will continue to create solutions and services that keep us on track to reach our ambitious strategic goals.

Thomas Jul
Chief Executive Officer

Inpay in brief

Welcome to a world of smarter payments

At Inpay, we are revolutionising cross-border payments with our technology. We create value for customers by developing smarter, faster, safer and more cost-effective cross-border payment solutions. And we do it in a way that is fully compliant with applicable laws and regulations. At the same time, we are enabling financial inclusion of businesses and people from every corner of the world.

Today, less than 3% of global payments are managed outside the traditional banking sector. And the demand is growing. We are serving this growing demand with our services, at the same time offering a payments infrastructure that serves not only the core of the existing market but reaches further and wider. This breaks down barriers and empowers more people to participate in the global financial system.

However, breaking barriers does not imply being unrestricted. On the contrary, it necessitates operating with transparency and adhering strictly to the rule of law. We do not tolerate corruption or the funding of illegal activities. This is why we have implemented world-class standards for governance, compliance, and risk management. We evaluate, monitor, and regulate the businesses and financial transactions of our customers and partners, and we refuse to conduct business with industries and companies that fail to meet our high standards.

At our core, we value mutual respect for businesses and individuals from diverse backgrounds and cultures. We cultivate an environment that welcomes positive intentions while filtering out illegal activity and negativity. We believe that this is instrumental to achieving financial inclusion in a complex world. To build a better, smarter, and more efficient future the answer is not to isolate – it is to unite and seek to cooperate and include.

Building an open, transparent and regulated cross-border financial payment offering is a game-changer for our customers. It is an infrastructure that makes it possible for everyone looking to make a valuable and legal contribution to travel the financial highways of the modern world.

Five reasons to choose Inpay

1
Strong growth

Inpay has almost 15 years of experience in the digital payments industry and has experienced significant growth over the last years. Our revenue has increased from DKK 65 million in 2018 to DKK 362 million in 2022 and EBITDA from DKK 13 million to DKK 70 million.

2
Growing market and unique position

The market for digital payments and e-commerce is rapidly expanding, presenting exciting growth opportunities. However, to truly succeed in this dynamic landscape, it is crucial to understand the nuances of different markets and customer demands. At Inpay, we recognise these challenges and develop flexible and scalable solutions to meet diverse needs. Leveraging our unique position, we are well-positioned to capitalise on this growth and provide unparalleled value to our customers.

3
Strong risk management

Inpay has a transparent and well-defined governance structure and a strong, proven risk management model. We are an authorised payments institution in the EU, licensed and regulated by the Danish FSA. We are fully compliant with all applicable international requirements and standards. We constantly evaluate and monitor our customers, partners, and network to ensure they adhere to our high levels of compliance and security.

4
Efficient cross-border technology

Inpay is a cross-border payment solutions provider making the flow of global payments more cost-effective, faster and secure. Our technology provides the perfect alternative to traditional SWIFT wire transfers, making international payments safer and much more efficient. We are experienced in handling complex payment corridors and we are set to transform cross-border payments for businesses in selected industries.

5
Engaged culture and competent leadership

We are an informal organisation comprised of talented, engaged people working to make a difference. Our leadership team is highly experienced and covers all areas from technology, products, and commercial to operations, risk and compliance. As an organisation, we have proven our ability to build and sustain our business in a highly complex industry, and we are committed to continue to expand and develop our services and reach to serve the needs of our customers and the world.

Leadership team

Strengthening our leadership team to meet future challenges

Inpay has onboarded several strong members to the leadership team in the last two years, to secure the best fit for delivering our strategy.

Our leadership team comprises people with a great depth and breadth of experience within and beyond payments. Drawing from diverse backgrounds in technology, payment services, finance, consulting, accounting, and many other industries, they bring a wealth of experience from both local and international organisations.

Thomas Jul
Chief Executive Officer

Thomas has a strong record of commercial C-level leadership roles from across the world, including Nets and Ericsson, combined with 15 years of executive leadership at Nokia. Holding a Master's Degree in Software Engineering, Thomas also comes with business qualifications from Harvard Business School, The Wharton School, IMD, as well as London and Columbia Business Schools. He was deemed fit and proper to lead the company by the Danish FSA in January 2022.

Employed at Inpay since November 2021.

Søren Strøm
Chief Financial Officer

Søren brings 35 years of experience in the financial sector and has held prominent positions as a partner and executive management member at EY, and as CFO at Clipper Group, Stibo Group, and Maersk. As a State Authorised Public Accountant from Copenhagen Business School, Søren is driving and developing the financial organisation at Inpay, by providing valuable business insights and overseeing all financial activities.

Employed at Inpay since November 2022.

Jens Heurlin
Group General Counsel

With over three decades of experience in senior legal positions – including roles as Group General Counsel and executive at PostNord and Nets - Jens is a leading legal professional within our industry. At Inpay, Jens provides legal advice on a range of areas such as new product development, compliance with relevant laws across a multitude of applicable jurisdictions, and he engages deeply in M&A activities. And importantly, he manages, expands, and maintains company licences.

Employed at Inpay since September 2021.

Ami Klein
Chief Technology Officer

Ami comes with 25 years of experience in developing secure, distributed, and scalable systems. He was one of the first employees at Inpay and remains responsible for designing and building IT and payment systems that support the business. Educated in maths and computer science, he is the key architect behind Inpay's technology platform and takes pride in delivering fast and efficient solutions for complicated tasks.

Employed at Inpay since October 2007.

Anja Ellegaard Dahl
Chief People and Transformation Officer

Anja has more than 15 years of international work experience with a track record of building teams from the ground up, leading large global teams, and shaping companies for scale and growth. Having worked in various client relationships through leadership roles at top-tier consulting firms such as Deloitte and McKinsey, as well as the digital health start-up Mymee, Anja is well-positioned to support our ambitious growth plans while cultivating a strong organisational culture. Anja holds a Master's Degree in Sociology from University of Copenhagen.

Employed at Inpay since May 2022.

Camila Witt
Chief Risk and Compliance Officer

Camila has a strong background in enterprise risk management and financial crime prevention. She has experience with FSA license applications in both Denmark and Finland. A lawyer by education, Camila has two Ph.D.'s in Human Rights and Law and Society from the University of Milan, and from the Federal University of Rio Grande do Sul in Brazil. Camila ensures that Inpay is compliant with regulations and is leading the implementation of a strong risk framework.

Employed at Inpay since January 2022.

Jonathan Bennett
Chief Commercial Officer

Jonathan has spent two decades in the payments industry and has held senior positions at global payments providers such as American Express, Mastercard, and Travelex. More recently, Jonathan has played a critical role in the rapid-scaling and commercial transformation of high-growth fintechs such as Kalixa, Cashflows, and Docomo Digital. He plays a vital role in executing Inpay's ambitious international growth strategy.

Employed at Inpay since January 2023.

Mads Bomann Larsen
Chief Product Officer

Mads has leadership experience from two decades of leveraging technology in international companies to drive organisational growth, performance, profit, and transformation. He spent almost 10 years at Nets and seven years at BEC. At Inpay, he is developing Inpay's product portfolio, helping Inpay cement its status as a market leader for cross-border payments. Mads holds a Master's Degree in History.

Employed at Inpay since August 2022.

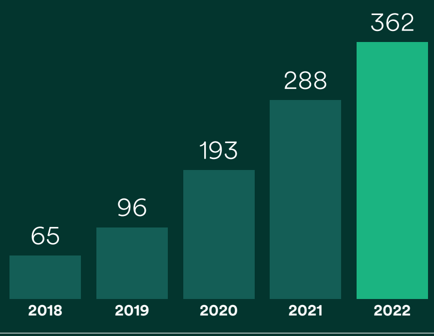
Torben Krogh Danielsen
Chief Operating Officer

Torben has more than 15 years of experience in banking and consulting, engaged in complex transformations in several organisations. Torben oversees Inpay's operations – including funds management and monitoring of payment network activities. Working closely with stakeholders in the value chain, his primary focus is to ensure that Inpay can operate at scale, support its customers, and ensure that Inpay operations are compliant. Torben holds a Master's Degree in Applied Economics and Finance from Copenhagen Business School.

Employed at Inpay since January 2021.

Our highlights

NET REVENUE (MDKK)



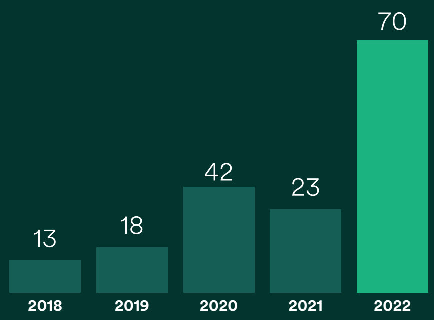
NUMBER OF TRANSACTIONS IN 2022

NUMBER OF EMPLOYEES END 2022

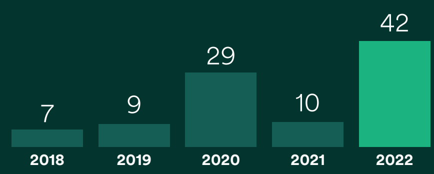
180 employees

Inpay has grown from 42 employees in 2018. Also, around 60 full-time contractors were employed in 2022.

EBITDA (MDKK)



NET PROFIT (MDKK)



INPAY HISTORY

15 years

Inpay was founded in 2008 by Jacob Tackmann Thomsen. In 2018, Inpay Holding acquired Eurogiro, a global payments community for postal operators. And in 2021, Inpay was named one of the fastest-growing companies in Europe by the Financial Times.

Key figures

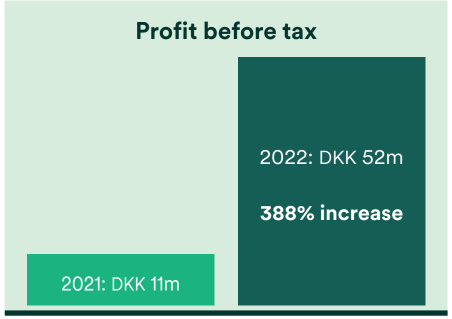
TDKK

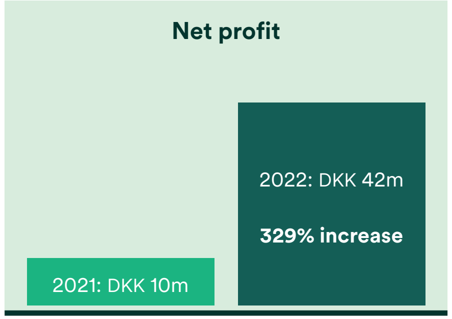
Profit/loss	2022	2021	2020	2019	2018
Revenue	361,761	287,815	193,410	95,546	64,852
Gross profit/loss	205,001	164,575	104,444	53,240	42,587
Profit/loss of ordinary primary operations	64,001	7,138	41,838	17,519	12,636
Profit/loss before financial income and expenses	64,001	5,930	37,141	16,387	12,108
Profit/loss of financial income and expenses	-11,564	5,176	-2,098	-4,179	-10,523
Net profit/loss	42,362	10,180	29,351	9,454	6,576
Balance sheet					
Balance sheet total	567,705	525,257	439,880	243,440	182,825
Investment in property, plant and equipment	1,587	1,111	785	402	0
Equity	55,876	12,446	98,857	43,178	17,704
Cash flows					
Cash flows from:					
- operating activities	82,447	90,187	168,814	49.046	110,838
- investing activities	-1,598	-2,921	-15,676	11,560	-42,912
- financing activities	-54,629	-29,997	-17,851	-557	-2,610
Change in cash and cash equivalents for the year	26,220	57,269	136,846	60,607	65,216
Average number of employees	117	102	61	42	42
Ratios					
Gross margin	56.7%	57.2%	54.0%	55.7%	65.7%
Profit margin	17.7%	2.1%	19.2%	17.2%	18.7%
Return on assets	11.3%	1.1%	8.4%	6.7%	6.6%
Solvency ratio	9.8%	2.4%	22.5%	17.7%	9.7%
Return on equity	124.0%	18.3%	41.3%	31.1%	58.0%

Financial review

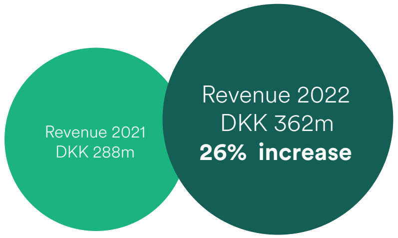
Strong growth in a transformational year

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





Our revenue amounted to DKK 362 million, a 26% increase, in line with our stated goal to grow at a double-digit rate. EBITDA more than doubled from DKK 23 million to DKK 70 million and continued our path of profitable growth.



Operating expenses and investments
Operating expenses increased by 10% in 2022 to DKK 292 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 of the organisation, bringing in new skills and competencies as well as upskilling our current organisation to enable scale and efficiencies while supporting personal growth for the team.

We have also continued investing in key initiatives related to governance, risk, and compliance, which is essential for our business.

Lastly, we have experienced an increase in travel and meeting activities following the global reopening, post the Covid-19 pandemic. Operating expenses amounted to 81% of revenue compared with 92% in 2021.

Income and balance sheet
A net profit of DKK 42 million was recorded for the year, compared to DKK 10 million in 2021. The increase was partly a consequence of extraordinary costs in 2021 combined with improved operating leverage as a result of the increased costs related to strategic initiatives.

Profit before tax was DKK 52 million in 2022, compared to DKK 11 million in 2021, an increase of 388%.

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 568 million, compared with DKK 525 million on December 31, 2021. Total equity amounted to DKK 57 million at the end of 2022, compared with DKK 12 million at the end of 2021. Cash reserves as of December 31, 2022, was DKK 428 million, compared with DKK 402 million on December 31, 2021.

External environment
Being a member of the global financial community, we have a strong commitment and 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 individuals and businesses 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.

Søren Strøm
Chief Financial Officer

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 450 million to 480 million, with profit margins at a similar level to 2022 as we continue to drive growth through investment.

This outlook is based on our strengthened organisation and leadership, 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 we do not expect to be significantly affected in 2023 either. In a world in which payments volumes are growing rapidly while increasingly being digitalised, Inpay is well-positioned for strong growth in 2023 and beyond.

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

As we grow, processes for governance, risk management, and compliance are increasingly matured and professionalised. In 2022, we invested in a new platform for risk management. And our employees are continuously trained and updated 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 of our scalability.

One integrated platform for consistency
We have established an integrated risk management platform (based on RISMA) that takes our approach to governance, risk, and compliance to the next level in terms of quality. It can be seen as the 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 Inpay in general, and specially for management.

Strong policies and standards
Inpay is an authorised payments service provider in the EU, licensed and regulated by the Danish FSA. We have therefore built a strong framework to comply with regulatory requirements. Closely following developments in the 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) as well as all relevant sanction lists, including OFAC, UN, EU, and HMT.

We analyse 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 are detailed in our policy for Board Diversity, and a focused Whistleblower Scheme amongst others.

Extensive communication and training
Our leadership team plays a key 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. We use all appropriate and feasible means to make us best-in-class when it comes to governance and compliance.

We have allocated a dedicated budget for training and qualifications, ensuring that the team is constantly gaining and sharing knowledge to handle our challenges, recognising the importance of governance, risk and compliance.

Moreover, all employees receive mandatory training on governance, risk and compliance at onboarding. Also, the Governance, Risk & Compliance Team understands the need to be close to the business and conducts regular, open talks with all departments to share the challenges and issues we have encountered as a business.

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 may arise and that we are compliant and act responsibly.

Forward looking approach
We believe in constantly striving to improve – especially when it comes to protecting our customers and systems. We 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

against fraud and wrongdoing.

We work to ensure that our systems can cater to these challenges, and data quality is a fundamental part of this commitment. Besides our newly upgraded risk management system, we expect to also expand our monitoring systems to improve our ability to detect potential 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 is designed to 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.

Camila Witt
Chief Risk and Compliance Officer

Risk management

Risk management at Inpay - value protection and value creation

Inpay's approach to enterprise risk management provides a framework for robust and comprehensive management of the risks we may encounter. It supports our organisation in defining our strategy, achieving our goals, and helps us make well-informed decisions. It also secures the value and integrity of money transfers and cross border payments, which is of paramount importance to our customers and thereby our business. Our approach is based on the world-class standards and tailored to our specific risk 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, enabling our leadership to evaluate various strategic options with a clear understanding of the impact on the company's risk profile.
2. Improving risk response decisions by providing a framework to identify and select alternative responses – risk avoidance, reduction, sharing, or 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.
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 process

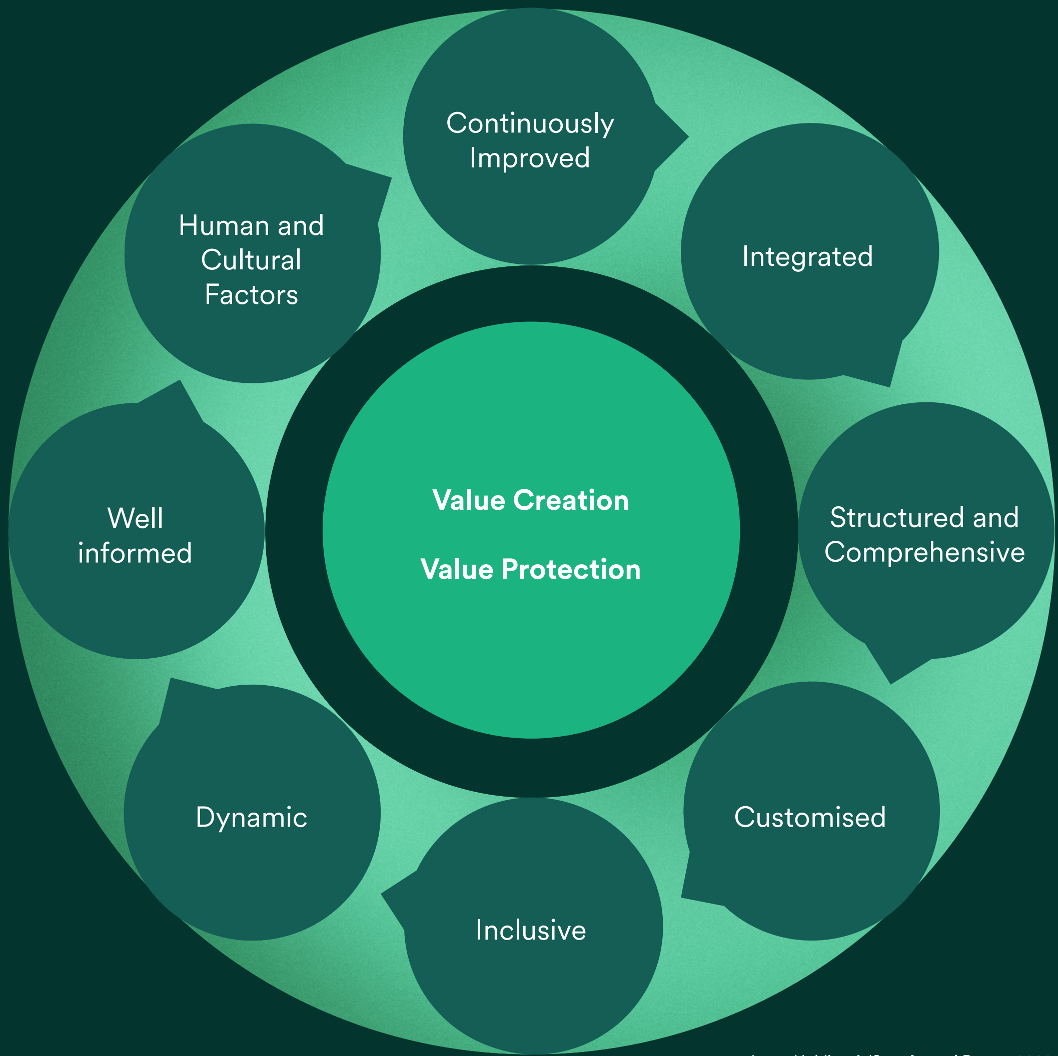
The model demonstrates the principles that are used to support the overall mission for risk management – value creation and value protection.

To ensure ownership of the different areas of risk management, we have clarified roles and responsibilities. In this way, we increase the understanding of controls, governance, and risk management, and consequently support our 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:

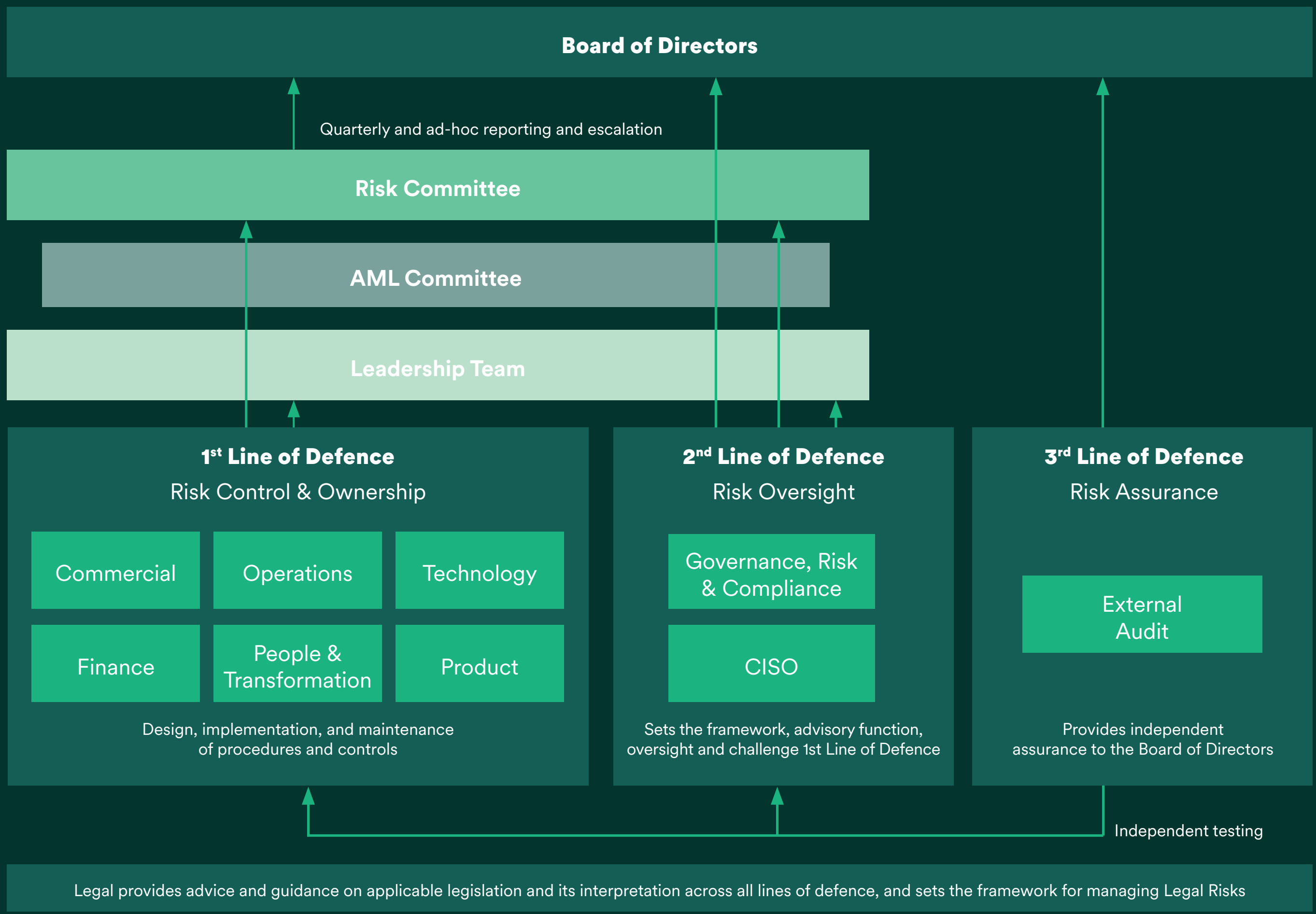
- Foster a culture of transparency and risk awareness across the company.
- Comply with applicable regulation, as well as company policies, guidelines, and procedures, following our governance.
- Promptly communicate any breaches or incidents to the appropriate leader.
- Report to their immediate leader any real or perceived risks that may impact the company.
- Look for opportunities to improve operational efficiencies, optimise outcomes and minimise risk.

Principles of Risk Management at Inpay

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



Overview of Roles and Responsibilities at Inpay



As we 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).

Moreover, clear roles and responsibilities are defined, and illustrated in our 3 Lines of Defence model.

Risk Management Process
Managing risks is a continuous activity, which requires regular communication and consultation with all 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 our risk management system, reported to the relevant stakeholders, and monitored and reviewed on an ongoing basis.

We have established a specific methodology and taxonomy to handle the risk profile, with the following main risk categories:

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

Currently, we have special focus on further addressing the following risks:

- Financial crime risk
- IT security risk
- IT stability risk

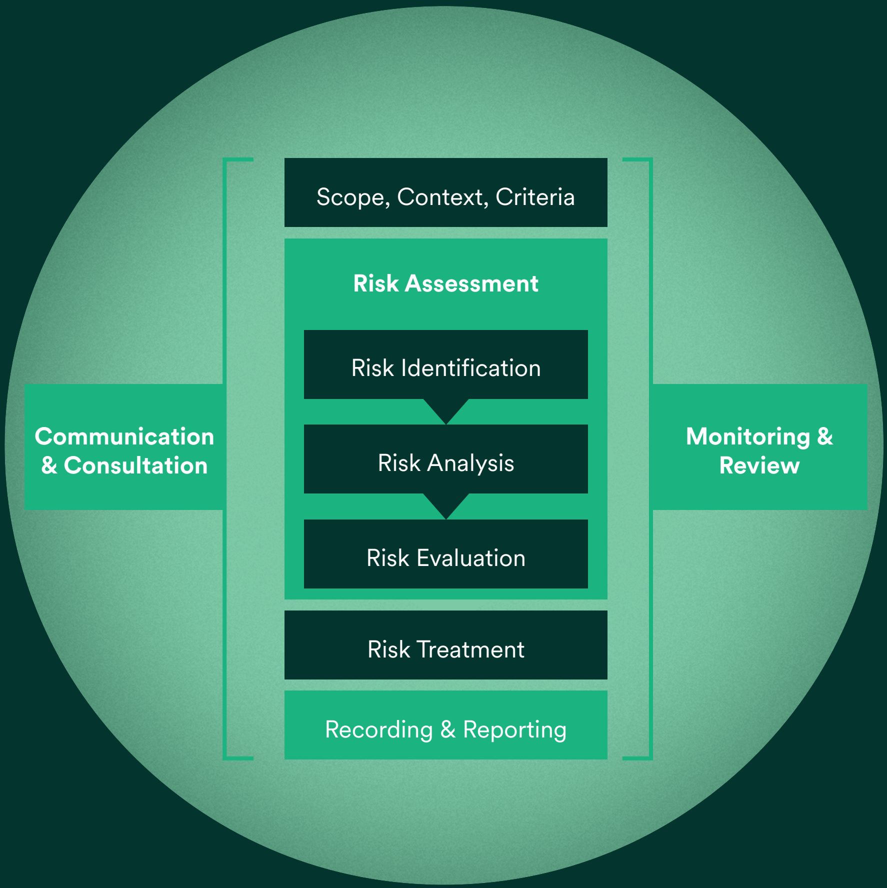
Moreover, operating across multiple global jurisdictions, we are also aware of how external factors may impact our business activities.

At Inpay, risks are openly discussed in different forums, including the Risk Committee, AML 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
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 of 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 our own and our customers' operations 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 address this field professionally and ambitiously, we work to increase our reputation and trust. This is key to success in our industry.

Risk Management Process



Statements in accordance with the Danish Annual Account Act section 99a, 99b and 99d

This statutory statement on Corporate Social Responsibility (CSR) – cf. sections 99a, 99b and 99d of the Danish Financial Statements Act – covers the financial period from 1 January to 31 December 2022.

For the description of our general business model, please refer to page 26-27 of this report.

Inpay has been a class C+ company since November 2022, and the status in this section takes into account this short time period.

At Inpay we recognise the environmental, social and governance (ESG) impacts we have on society, and the contributions we make helping the countries where we operate to digitise.

Our ESG outcomes stem from increasing digital payments, running services related to digital identities, the digitisation of paper-based processes, and ensuring that modern societies function in a safe and efficient manner within the broader area of digital payments; benefiting individuals and businesses alike.

Section 99a – Corporate and Social Responsibilities

At Inpay, we realise that we have an impact on society and we strive to keep that impact positive in all respects.

Social and Environmental

As a fintech company we have a limited impact on the environment, and hence this topic is not currently explicitly addressed in our policies and procedures. However, we evaluate the need for establishing a policy on an annual basis.

Our social impact is addressed in many documents, especially in our Sound Corporate Policy. Trust, Accountability, Passion, Innovation and Respect are the values that support our vision and these values are ingrained in all of the processes at Inpay - from our day-to-day operations, and the relationship with our customers and partners.

As a trusted and responsible partner, and member of the global financial system, Inpay and all of our staff must respect and comply with the laws and regulations we are subject to, including the areas of Anti-Money-Laundering, Terrorist Financing, Data Protection, and Fair Competition.

Our dedication and commitment to enforcing these regulations have always been of paramount importance and that will continue to be the case in the years to come.

Human Rights

While we recognise our responsibility to respect and promote international human rights standards, we do not have an established policy for human rights specifically. Inpay is, however, committed to acting in accordance with the United Nations Guiding Principles on Business and Human Rights. We fully endorse and support the principles enshrined in the International Bill of Human Rights.

Anti-Corruption

In 2022, an external audit confirmed that we have a well-functioning AML/CTF system and processes. All employees receive training on this when they join and must pass a mandatory test. Processes have been in place since 2022 and the training and tests are reviewed annually. For further information on our Risk Management Process, please refer to page 16-21 of this report.

Inpay has a zero-tolerance policy towards bribery and corruption, regardless of the identity or position of the originator or recipient.

Inpay requires employees to conduct business in accordance with the highest standards of ethical behavior and honesty. This means that we are committed to the prevention, deterrence and detection of bribery and corruption.

Bribery and corruption are criminal offences and are clear violations of the Inpay Values. Engaging in behavior or activities contrary to Inpay 's Values, as well as all other applicable laws and regulations, violates our promise to our stakeholders. We do not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we, or will we, accept bribes or improper inducements or anything that could be perceived as such, and we have the same expectations of our third parties and clients.

Our zero-tolerance approach towards bribery and corruption also applies to third parties, with whom Inpay does business or who are retained by Inpay to perform services or deliver business for and on behalf of the company. Our commitment is documented in our Anti-Bribery and Corruption Statement and in our Code of Conduct. For further information about our important work within anti-corruption, please refer to page 16-21 of this report.

Section 99b – Diversity

We have a multinational workforce comprising more than 40 nationalities, and we believe that diversity is one of our core strengths and essential to the effectiveness of decision making, guidance, and risk management at all levels of the organisation.

Inpay seeks to promote female talent towards management positions, with the long-term ambition of achieving a more gender balanced Board of Directors and Management. The Leadership Team (LT) and the Extended Leadership Team (ELT) comprise 44 employees in total, of which 12 (27%) are female.

The general assembly has previously concluded that it has not been relevant to have specific targets, or quotas, for female representation on the board. However, it has been decided to set a target to have one female board member by 2026. The target for gender diversity on the board has not been reached in 2022, as there has been no replacement of existing board members in the period.

Section 99d – Data Ethics

As a company licenced and operating within the EU, Inpay is subject to the General Data Protection Regulation (GDPR). To ensure compliance with this regulation, the Board of Directors at Inpay has approved more detailed policies pertaining to GDPR rules.

While Inpay only holds limited personal information, such information must always be treated with utmost respect for the integrity and rights of the individual. This requires Inpay to ensure proper legal authorisation for the collection of any data on Ultimate Beneficial Owners or Management of Inpay customers, and on data collection on the payer or payee, in relation to transactions.

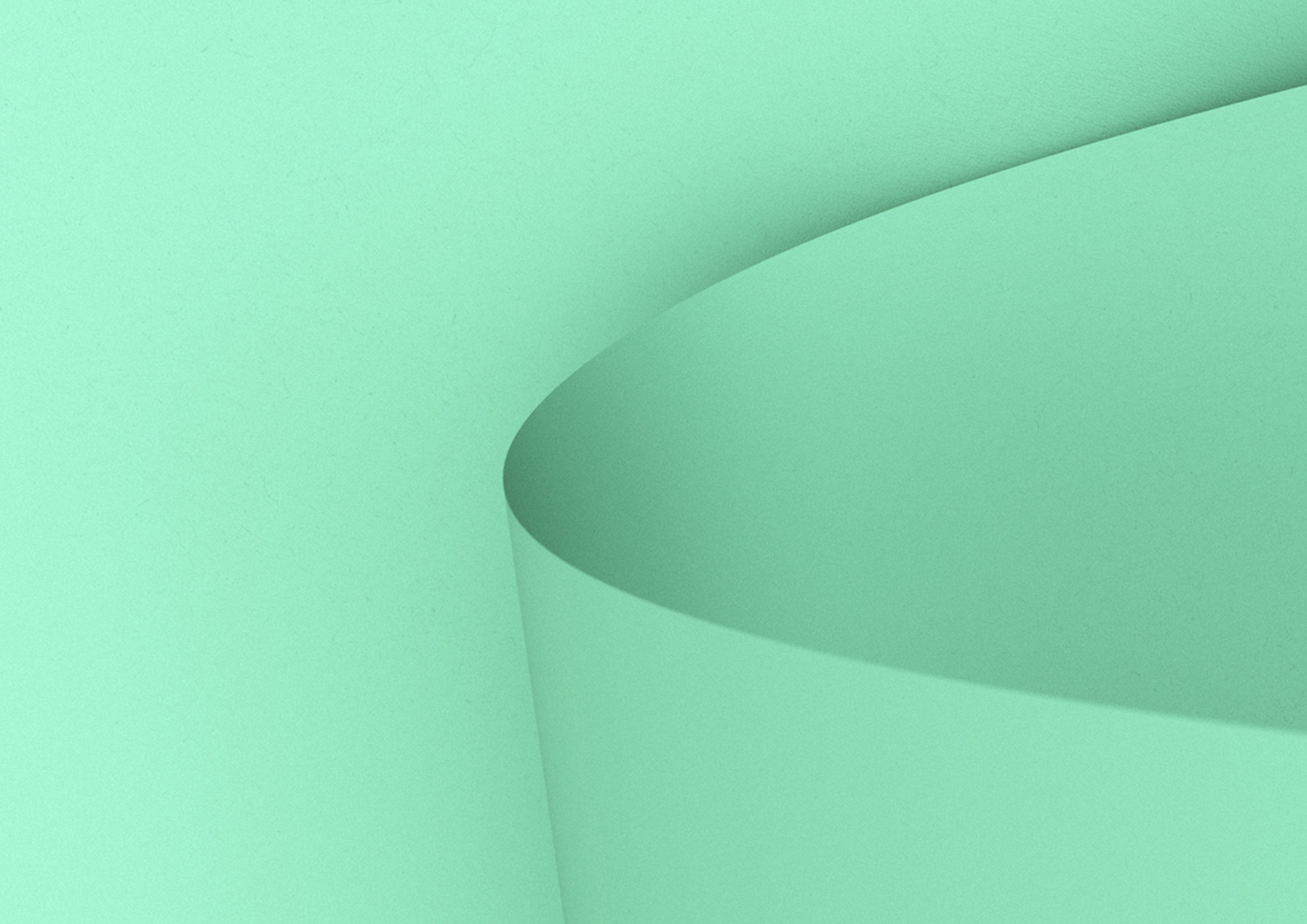
Access to this data is restricted and, only staff with a relevant business need are given access.

All new products, processes and systems are evaluated for any impact on the collection or use of personal data.

Our purpose

Inpay's purpose is to **democratise payments** in every corner of the world by offering a fully **compliant, fast, secure and cost-efficient payment** platform with unrivalled distribution.

We aim to build **financial infrastructure** that unites businesses and people around the world.



Business outlook

Business model

A business model ready for growth

In the last 15 years Inpay has built a scalable and flexible business model. Our business model consists of the resources we provide, our core business (the way we service our customers and generate profit), and the value we create for societies, businesses, and individuals.

Resources
Our resources carry five essential strengths:

1. Clear purpose and ambitious strategy – Our purpose and strategy, which was updated in 2022, guide our leaders and employees when making decisions and prioritising their projects and tasks.
2. Strong and scalable technology platform – Our technology platform is continuously upgraded to improve scalability, speed, and security. In this way, we continue to have a future-proof platform to match the words of our complex solutions and future growth.
3. Competent and engaged employees – Our organisation consists of highly skilled and qualified employees, each individual a specialist within their own field. This includes a significant strengthening of our leadership team over the past years.
4. Professional governance and compliance structure – Our Governance, Risk, and Compliance (GRC) has been significantly strengthened by introducing one integrated platform, as well as policies and standards that meet Danish and international regulations. We follow high GRC standards, and assess, monitor, and control our payment streams and market relations closely.
5. Strong partner and customer relations – The trust and loyalty of our partners and customers is a solid foundation for future growth within existing as well as new customer segments.

Core business
Our business is based on four core strategic pillars. Which guide our focus on successfully executing our strategy and create strong customer relations and excellent service.

We will:

- Offer Cross-Border Payments to selected segments in complex markets.
- Leverage customer engagements to increase our customer Share of Wallet beyond complex markets.
- Provide one scalable, global, trusted network for payments.
- Create an awesome culture of passionate professionals with a drive to make a difference.

The necessary measures and processes to execute on these pillars are all part of our overall ambition to democratise payments in every corner of the world.

Value creation
We create value for stakeholders in five ways:

1. We create value for partners, customers, and people around the world by delivering scalable and effective payment solutions.
2. We provide payment solutions for people in every corner of the world that are simpler, safer, faster, and more cost-effective than traditional solutions.
3. With a focus on culture, we create attractive jobs and workplaces for people who want to make a difference in the fintech industry and the world we operate in.
4. We have a strong Scandinavian brand and are well under way to build an attractive reputation in other parts of the world, to the benefit of existing and future customers.
5. We are a growing scale-up with solid revenue and earnings. This results in a significant return on investment for our owner while providing a solid foundation to continue our operation to the benefit of our customers and society as a whole.

We believe our commercial and sustainable business model provides a solid foundation for executing our strategy, delivering value for our stakeholders, and gaining future growth in line with our ambitions.

Core business

Resources

Clear purpose & ambitious strategy

Flexible and scalable technology platform

Competent and engaged employees

Professional governance & compliance structure

Strong partner and customer relations

Value created

Scalable payment solutions

Easier, faster and secure access to money

Attractive jobs and workplace

Strong image and license to operate

Return on investments

Strategy

Reducing costs for payment transactions

Inpay has defined ambitious targets for both the short-term and long-term horizon. In our updated strategy, we have determined the foundation, pillars, and priorities needed to achieve these ambitions.

In April 2022, we updated our strategy to match our current ambitions for development and growth. The strategy gives us a road map with defined criteria for success and specific initiatives to be completed over the coming years.

With this updated strategy, we believe we have the right foundation of purpose, strategic assets, and competencies to achieve our ambitions in a dynamic environment.

Ambitions for 2025
We have defined the following specific targets we intend to reach in 2025. We aim to achieve EUR 120 million in revenue, EBITDA margins to 25-35%, and we should execute more than 150 million transactions. Also, our customer Net Promoter Score (NPS) should be in the top 10% compared to our benchmark, and our employer NPS in the top 5%.

We believe these targets are ambitious, but they are within reach when we enact the outlined strategy.

Strategy pillars
We have defined four core strategy pillars:

1. To offer cross-border payments to selected segments in complex markets.
2. Leverage customer engagements to increase our customer Share of Wallet beyond complex markets.
3. Provide one scalable, global, trusted network for payments.
4. Create an awesome culture of passionate professionals with a drive to make a difference.

To support each of our pillars and must-win battles we have prioritised a number of specific initiatives that have been or will be carried out in 2022 and 2023.

Core enablers
We have also defined seven core enablers that are key to being successful in reaching our targets and winning our defined battles. Our leadership team oversees each of these enablers to make sure we monitor and report progress, and that we meet the challenges and opportunities that come up during the process (see model).

Key assumptions
A long-term strategy does not come without terms and conditions. Therefore, we have defined the key assumptions for our strategy.

We believe that international cross-border payments will continue to be complex in many markets over the short to medium term. There will still be many payment methods available, competition in our markets and solutions will be limited in comparison to growth and opportunity, and we will be able to deliver unique value to our customers and users.

We believe that we can build strong engagements and an attractive portfolio with a larger Share of Wallet from our customers. Our solutions will be cost-effective, and network partners will find our scalable infrastructure attractive.

Our brand proposition, culture, and service will be attractive to customers, partners, and employees alike, and our compliance and risk management will secure a strong licence to operate all over the world.

Core Enablers

Product Vision & Roadmap – a thorough deep-dive on the products as well as the underlying drivers that we need to explore to continue our successful growth journey

Commercial Excellence – moving from being a start-up to a scale-up with diversification into multiple segments and customer groups, we need to expand our commercial repertoire

Clear Operating Model – the effort to move from a start-up mentality to scale-up efficiency without losing the soul of the company and remaining an attractive employer to the best talent in the industry

Scalability in Operations & Network – scalability remains the name of the game also in our operational setup, and this enabler ensures that we do what it takes to remain able to serve our growth

Risk Management Excellence – having decided to turn the biggest challenge of our industry into a competitive advantage, this enabler is our license to operate and deserves continuous proper attention

Improved Leadership Culture – not only introducing but also continuously building and nurturing the right level of leadership competence and capacity across all levels of the organisation

Scalable Technology Platform – in a rapidly expanding industry offering heavy digitalisation, the requirement to refresh and renew the underlying platforms is relentless and never-ending

The owner’s philosophy

The philosophy of Inpay

Inpay was founded in 2008 by tech entrepreneur Jacob Tackmann Thomsen when he tried to donate money and realised it was expensive, slow and cumbersome. Since the beginning, his vision has been to create commercial value for customers by developing smarter, safer, faster, and more cost-efficient cross-border payments which at the same time is the foundation for true global financial inclusion.

In February 2022 Jacob Tackmann Thomsen passed the baton of running and developing the company to an internationally focussed, professional ledership team. At the same time, he passed the strategic leadership to an independent Board of Directors. Today, Jacob Tackmann Thomsen continues to own the company – and he enjoys following its continuing development and professionalisation from the vantage point of the owner. Here he explains the story of Inpay and his philosophy:

“In 2008, a deadly cyclone hit Myanmar, one of the poorest countries in Asia, causing its worst natural disaster on record. As a result, more than 130,000 people died. I wanted to donate money to help the tens of thousands of orphaned children in the country. However, I was utterly dismayed when I found out that my credit card donation would be cut by more than 5% in various fees and take days to arrive. As I realised that no better way existed to send money abroad, I decided to aim for the stars and create a smarter, safer, faster, and cost effective way to do cross-border payments. That was the birth of Inpay”, says Jacob Tackmann Thomsen.

Financial Times: Inpay is the fastest growing company in Denmark

In 2021, Inpay was recognised by Financial Times as the fastest growing company in Europe. Inpay has more than 180 employees with more than 40 different nationalities represented. After 15 years of operation, our philosophy remains unchanged: Create a great place to work, attract the most talented people and focus on creating commercial value for Inpay’s customers by developing better cross-border payments products than anyone else while serving businesses and individuals in all corners of the world.

However, this is not an easy philosophy to live by. One must be open to different ways of executing, always focusing on creating commercial value, enjoying challenges, and being guided by values. At the same time, to retain our right to operate we must always adhere to applicable laws and regulations through strict governance, risk, and compliance in every step of the process.

With best-in-class risk management, compliance, and anti-money-laundering setup, Inpay today operates a global financial infrastructure that empowers financial institutions, businesses, postal organisations, and NGOs to send money in a smarter, safer, faster and more cost-efficient way.

This democratisation of payments creates value for businesses, individuals, and society as a whole across the globe, and provides the foundation for Inpay to continue to enable true financial inclusion in the years to come.

"I am very **proud of Inpay's journey** and all the amazing people that has made it possible. And I am delighted to have handed over the leadership of the company to a very professional team that will strengthen the next phase of the journey"

Jacob Tackmann Thomsen

People and transformation

Solving complex challenges together

Inpay is growing rapidly. With a larger, more international and diverse organisation, we have an increased focus on nurturing a corporate culture that creates an engaging, passionate and effective workplace for all our employees. A focus on leadership, a strong company culture, and clear communication is vital to strengthen Inpay and to both retain and attract top talent.

Since Inpay's inception in 2008, the company has evolved from being a small Danish start-up to becoming a truly international fintech company of scale. At the end of 2022 there were 180 full-time employees, up from 42, just three years ago.

- *"Recruiting and retaining the best talent is crucial for us to continue on our successful growth trajectory. Among our employees more than 40 nationalities are represented. Most of them work in our offices in Copenhagen and London. But we also have people working remotely, from home, around the world,"* comments Anja Ellegaard Dahl, Chief People & Transformation Officer at Inpay. Anja's previous experience includes senior leader positions at international corporations such as McKinsey & Company, Deloitte and the product-led New York based start-up Mymee.

Finding the right talent to complement our existing, highly skilled organisation is essential in taking Inpay to the next level. Our employees are the key to unlocking and accelerating further growth, and to delivering the strategy and reaching our ambitious goals.

Our approach to talent attraction is to focus on hiring, developing, and retaining the best people. Inpay seeks to bring together a diverse body of individuals, creating an inclusive and caring environment with the dual benefit of keeping the strong company culture while improving business performance.

Shaping Inpay's organisation for the future
In line with our strategic intentions, a number of measures were introduced in Spring 2022 to improve company culture, strengthen the well-being and satisfaction of employees and improve the ways of working at Inpay more generally.

- *"We have initiated a number of measures to strengthen our organisation. A new operating model has been introduced that is more market-driven and product-led. A responsible remuneration program has been adopted together with a wellness scheme for our employees. We have also sharpened our leadership program and introduced a new governance model where decisions are being delegated to the right level",* continues Anja Ellegaard Dahl.

Better organisational health and communication
An Organisational Health Index (OHI) survey and an employee Net Promoter Score (eNPS) that monitor and measure organisational health as well as the engagement of employees, have been introduced.

The organisational health, well-being and satisfaction of the employees play an instrumental role in how Inpay as an entity can perform, collaborate, and innovate as well as recruit and retain top talent. That is why these variables are measured on a regular basis. Our eNPS, which is measured quarterly, has gone up from 26 in May 2022 to 32 in November 2022. This means that Inpay as a company moved up to a score categorised as "very good".

The OHI survey is conducted by McKinsey and benchmarked against 2,500 other global companies. Inpay undertook the first survey in June 2022 and the score was initially in the third quartile of the benchmark, which is lower than the average. The score increased markedly in the next survey in January 2023, placing Inpay in the second quartile; a significant improvement over a very short period of time, which is very hard to achieve.

Clear communication is also important to enhance engagement and create a sense of unity when working at Inpay; especially with the company growing rapidly and adding employees, some of whom are working remotely. Ad-hoc communication has been complemented by other more systematic communication tools, such as monthly townhalls, quarterly big room planning sessions, a sharpened Intranet and cultural ambassadors.

Looking forward: new initiatives
Going forward the emphasis will be on progressing existing initiatives. There are also activities in the pipeline for the coming year, such as creating the Future Workplace as a hybrid of working at the office and from home, something that will grow in importance as more remote employees around the world join Inpay.

Over the course of 2022, we have devoted ourselves to creating a strong foundation for our organisation, which has resulted in the attraction of new talent and increased employee satisfaction. We have established data and insights by re-structuring the organisation. We firmly believe that we have the building blocks in place to maintain and develop the organisation and we now need to support that. Looking forward, our focus will be on driving transformation, building on the strong foundation and bridging the new talent with the existing highly skilled employee base at Inpay.

A priority will also be on improving leadership support with a focus on business partners and empowerment to ensure effective and qualified decision making. Additionally, we will introduce principles for agile feedback and develop an employer brand identity to match our purpose and values. Overall, the streamlining and transformation of Inpay as an organisation will be at the core of our activities.

Responsibility and purpose go hand in hand

Responsibility is a part of our DNA, our business model, and how Inpay was founded.

In 2022, we have taken further steps to professionalise our organisation; in the way we handle both partners and customers, how we manage compliance and risk, as well as assessments and controls of payments that run on our platform. This is a complex job, but an important part of taking responsibility.

Our approach to governance, compliance, and risk management are described on page 18-23

Responsibility is also a central focus in our work with people and transformation. During the year, we initiated a more systematic approach to how we develop our people and culture, and how we secure attractive jobs, well-being, engagement, diversity, and inclusion.

Our approach to people and transformation are described on page 32-33

It starts with a sustainable purpose
Responsibility is reflected in our purpose and business model. When we say we want to democratise payments it is a promise to ourselves and the outside world. We take responsibility for delivering compliant, fast, secure, and cost-effective payment services to businesses and individuals that would otherwise struggle to find feasible solutions.

Financial inclusion is indeed a global challenge. According to the UN, 24% of the world's adults struggle to get by without basic financial services. Financial inclusion seeks to improve the lives of everyone, by expanding access to quality financial services. By aiming to democratise payments in all corners of the world, our services can play a transformative role in fostering equitable growth.

We deliver on the UN SDGs
Our company is already contributing to several of the UN's Sustainable Development Goals. And as we grow, our business has the potential to contribute even more.

SDG #8 - Decent work and economic growth
This goal is focusing on promoting sustained, inclusive, and sustainable economic growth. This must be done by providing productive employment and decent work for all. At Inpay, we do this by establishing affordable payment services in parts of the world where this is otherwise challenging and excluding. Our efforts contribute to creating sustainable financial systems in local and international communities. Systems that are also necessary to secure sustainable economic growth and well-paid jobs.

SDG #16 - Peace, justice, and strong institutions
Building effective, accountable, and inclusive institutions at all levels is an essential part of our mission. To achieve this, we combat corruption and acknowledge transparent and accountable institutions. We believe our governance, including assessments of partners and customers, is a central part of creating reliable payment systems. We know we cannot fight corruption, fraud, injustice, and discrimination alone, but through cooperating with other reputable parties, setting an example, and by keeping to a high level of compliance, we influence community and business relations in all parts of the world.

SDG #17 - Partnerships for the goals
Inpay is working with a network of partners in developed as well as underdeveloped countries around the world. This includes governments, postal service companies, private organisations, and local communities. Inpay is also collaborating with the UN through IFAD, a specialised agency of the UN, on bringing affordable money transfer services to Uganda. A similar collaboration is in place with BankAsia and Bangladesh Post to mention a few. Our collaboration with these and other organisations engaged in humanitarian aid around the world is also an example of a partnership with a potentially global reach.

We recognise that we still have some way to go in developing a professional and systematic approach to reporting on our environmental, social, and governance (ESG) performance. However, this year, we have taken significant strides in addressing our most material ESG concerns and will continue to take further steps in the coming years.

SUSTAINABLE DEVELOPMENT GOALS | 8 DECENT WORK AND ECONOMIC GROWTH

CREATE JOB OPPORTUNITIES FOR YOUTH.

One-fifth of young people are not in education, employment or training.

SUSTAINABLE DEVELOPMENT GOALS | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

STAND UP FOR HUMAN RIGHTS.

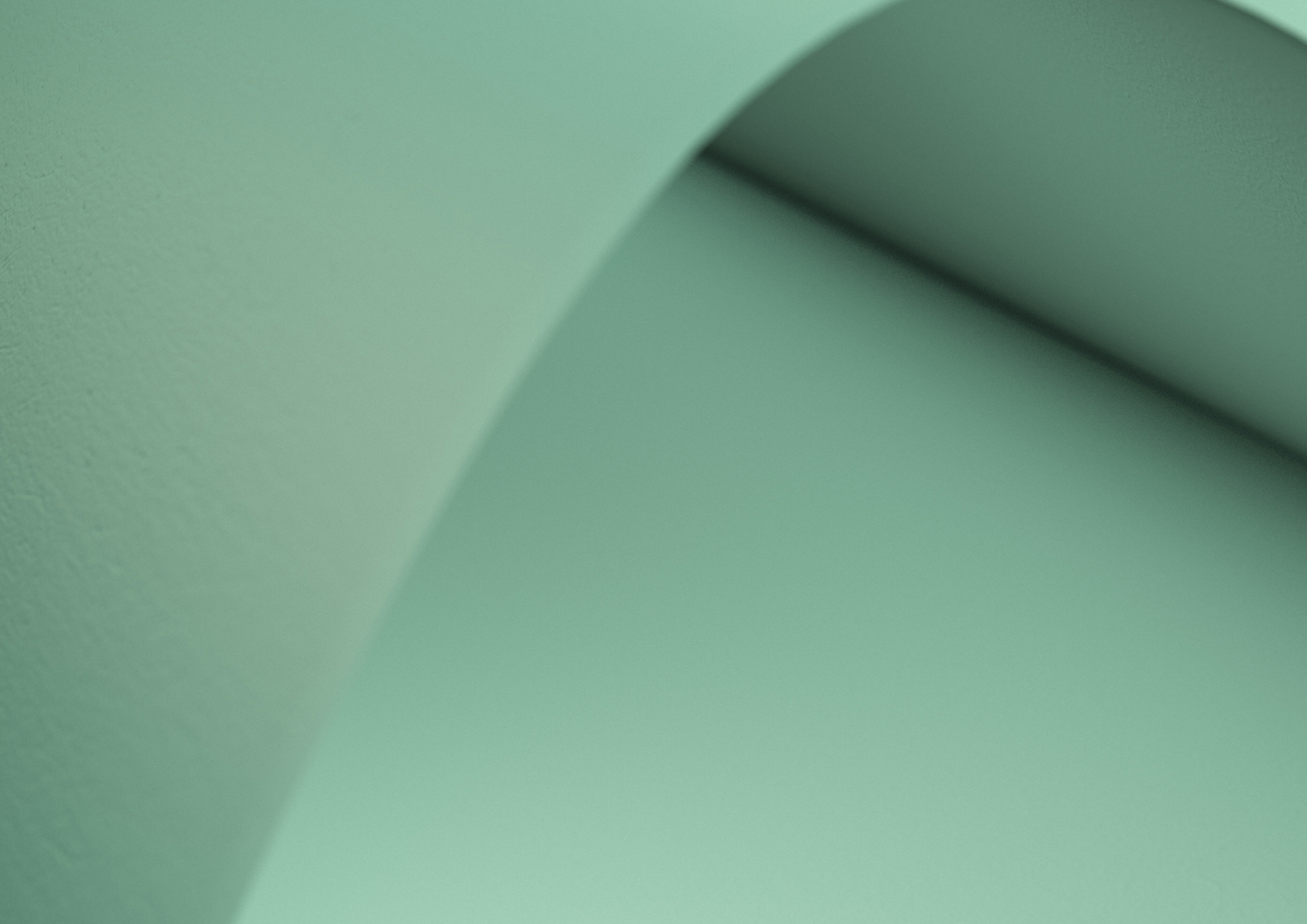
In 2018, the number of people fleeing war, persecution and conflict exceeded 70 million.

SUSTAINABLE DEVELOPMENT GOALS | 17 PARTNERSHIPS FOR THE GOALS

LOBBY YOUR GOVERNMENT TO BOOST DEVELOPMENT FINANCING.

Achieving the SDGs could open up US$12 trillion of market opportunities and create 380 million new jobs by 2030

SUSTAINABLE DEVELOPMENT GOALS



Financial statement

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements of Inpay Holding A/S for the financial year 1 January - 31 December 2022 and the Parent Company Financial Statements of Inpay Holding A/S for the financial year 17 November - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows 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 Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 21 March 2023

Executive Board

Thomas Jul Pfeiffer
Chief Executive Officer

Board of Directors

Jan Ovesen
Chairman

Steen Trondhjem Nielsen

Ulrich Hejle

Independent Auditor's report

To the shareholder of Inpay Holding A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 and the Parent Company's operations for the financial year 17 November - 31 December 2022, in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements of Inpay Holding A/S for the financial year 1 January - 31 December 2022 and the Parent Company Financial Statements of Inpay Holding A/S for the financial year 17 November - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent 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 Group or the Parent 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 Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

Income statement

Income statement 1 January - 31 December (Group)
Income statement 17 November - 31 December (Parent company)
TDKK

	Note	Group 2022	Group 2021	Parent company 2 months 2022
Revenue	1	361,761	287,815	0
Other operating income		0	403	0
Direct expenses		-51,033	-46,285	0
Other external expenses		-105,727	-77,358	-15
Gross profit		**205,001**	**164,575**	**-15**
Staff expenses	2, 3	-135,413	-141,603	0
Earnings Before Interest Taxes Depreciation and Amortization		**69,588**	**22,972**	**-15**
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-5,587	-15,431	0
Other operating expenses		0	-1,611	0
Profit/loss before financial income and expenses		**64,001**	**5,930**	**-15**
Income from investments in subsidiaries	5	-12	0	-1,645
Financial income	6	5,411	8,055	0
Financial expenses	7	-16,963	-2,879	-4
Profit/loss before tax		**52,437**	**11,106**	**-1,664**
Tax on profit/loss for the year	8	-10,075	-926	4
Net profit/loss for the year	9	**42,362**	**10,180**	**-1,660**

Balance sheet

Assets
TDKK

	Note	Group 2022	Group 2021	Parent company 2022
Completed development projects		6,229	8,503	0
Development projects in progress		0	2,280	0
Intangible assets	10	**6,229**	**10,783**	**0**
Other fixtures and fittings, tools and equipment		558	797	0
Leasehold improvements		2,067	1,276	0
Property, plant and equipment	11	**2,625**	**2,073**	**0**
Investments in subsidiaries	12	0	0	940,500
Fixed asset investments		**0**	**0**	**940,500**
Fixed assets		**8,854**	**12,856**	**940,500**
Trade receivables		5,027	628	0
Receivables from group enterprises		100,771	85,892	0
Other receivables		21,785	20,528	0
Corporation tax		0	0	4
Prepayments	13	2,796	3,101	0
Receivables		**130,379**	**110,149**	**4**
Cash at bank and in hand	14	**428,472**	**402,252**	**0**
Current assets		**558,851**	**512,401**	**4**
Assets		**567,705**	**525,257**	**940,504**

Liabilities and equity
TDKK

	Note	Group 2022	Group 2021	Parent company 2022
Share capital		1,000	0	1,000
Reserve for development costs		4,859	0	0
Reserve for hedging transactions		-54	0	0
Retained earnings		50,071	12,446	937,840
Equity		**55,876**	**12,446**	**938,840**
Provision for deferred tax	15	1,550	1,179	0
Provisions		**1,550**	**1,179**	**0**
Payables to group enterprises		41,987	0	0
Long-term debt	16	**41,987**	**0**	**0**
Credit institutions		0	1,251	0
Prepayments received from customers		357,916	307,855	0
Trade payables		15,836	10,545	15
Payables to group enterprises		50,287	130,773	1,649
Corporation tax		8,582	390	0
Other payables		35,671	60,818	0
Short-term debt		**468,292**	**511,632**	**1,664**
Debt		**510,279**	**511,632**	**1,664**
Liabilities and equity		**567,705**	**525,257**	**940,504**
Contingent assets, liabilities and other financial obligations	19			
Related parties	20			
Fee to auditors appointed at the general meeting	21			
Subsequent events	22			
Accounting Policies	23			

Statement of changes in equity

Group
TDKK

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
Equity at 1 January	0	8,410	0	4,036	12,446
Exchange adjustments	0	0	-54	0	-54
Capital increase	1,000	0	0	-1,000	0
Other equity movements	0	0	0	1,122	1,122
Development costs for the year	0	-3,551	0	3,551	0
Net profit/loss for the year	0	0	0	42,362	42,362
Equity at 31 December	**1,000**	**4,859**	**-54**	**50,071**	**55,876**

Parent company
TDKK

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
Equity at 17 November	**0**			0	0
Capital increase	**1,000**			939,500	940,500
Net profit/loss for the year	**0**			-1,660	-1,660
Equity at 31 December	**1,000**			**937,840**	**938,840**

Other equity movements of TDKK 1,122 in the Group relates to tax benefit of an equity based warrant scheme established for the employees of Inpay A/S and Inpay Services A/S, in another Company in the Group. That Company is not a part of the Inpay Holding A/S Group.

Cash flow statement

1 January - 31 December
TDKK

	Note	Group 2022	Group 2021
Result of the year		42,362	10,180
Adjustments	17	27,226	12,160
Change in working capital	18	24,886	63,177
Cash flow from operations before financial items		**94,474**	**85,517**
Financial income		5,411	8,055
Financial expenses		-16,963	-2,879
Cash flows from ordinary activities		**82,922**	**90,693**
Corporation tax paid		-475	-506
Cash flows from operating activities		**82,447**	**90,187**
Purchase of intangible assets		0	-1,810
Purchase of property, plant and equipment		-1,586	-1,111
Fixed asset investments made etc		-12	0
Cash flows from investing activities		**-1,598**	**-2,921**
Repayment of loans from credit institutions		-1,251	633
Repayment of payables to group enterprises		-53,378	67,370
Dividend paid		0	-156,000
Received intercompany grant		0	58,000
Cash flows from financing activities		**-54,629**	**-29,997**
Change in cash and cash equivalents		26,220	57,269
Cash and cash equivalents at 1 January		402,252	344,983
Cash and cash equivalents at 31 December		**428,472**	**402,252**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		428,472	402,252
Cash and cash equivalents at 31 December		**428,472**	**402,252**

Notes to the Financial Statements

TDKK

	Group		Parent company
			2 months
	2022	**2021**	**2022**
1. Revenue			
Business segments			
Cross border payments	315,754	249,835	0
Other	46,007	37,980	0
	361,761	**287,815**	0
2. Staff Expenses			
Wages and salaries	128,649	138,184	0
Pensions	930	529	0
Other social security expenses	-7	570	0
Other staff expenses	5,841	2,320	0
	135,413	**141,603**	**0**
Including remuneration to the Executive Board and Board of Directors	5,853	255	
Average number of employees	**117**	**102**	**0**

	Group		Parent company
	2022	**2021**	**2022**
3. Special items			
Employee bonuses	18,227	27,689	0
Impairment of fixed assets	2,280	12,855	0
Write-downs of current assets, that exceed normal write-downs	0	6,155	0
	20,507	**46,699**	**0**

Extraordinary employee bonuses of TDKK 27,689 was accrued at 31 December 2021. For 2022 a total bonus of TDKK 18,227 have been recognized as cost. The bonuses are recognized under staff expenses in the income statement.

Due to a change in strategy for the Group, impairment of intangible assets of TDKK 12,855 in 2021, and TDKK 2,280 have been recognized during the year.

In 2021, The Group 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 was based on communication with the Group's legal advisors.

	Group		Parent company
	2022	**2021**	**2022**
4. Amortisation, depreciation and impairment losses of intangible assets and property,plant and equipment			
Amortisation of intangible assets	2,273	14,705	0
Depreciation of property, plant and equipment	1,034	726	0
Impairment of intangible assets	2,280	0	0
	5,587	**15,431**	**0**

TDKK

	Group 2022	Group 2021	Parent company 2 months 2022
5. Income from investments in subsidiaries			
Net loss from disposal of entities	-12	0	-1,645
	-12	**0**	**-1,645**
6. Financial income			
Interest received from group enterprises	5,234	3,547	0
Other financial income	177	225	0
Exchange adjustments	0	4,283	0
	5,411	**8,055**	**0**
7. Financial expenses			
Interest paid to group enterprises	7,279	2,570	4
Other financial expenses	494	291	0
Exchange adjustments, expenses	9,190	18	0
	16,963	**2,879**	**4**
8. Income tax expense			
Current tax for the year	9,704	2,333	-4
Deferred tax for the year	371	-1,407	0
	10,075	**926**	**-4**
9. Profit allocation			
Extraordinary dividend paid			0
Retained earnings			-1,660
			-1,660

10. Intangible fixed assets - Group

	Completed development projects	Develop ment projects in progress
Cost at 1 January	43,324	12,080
Cost at 31 December	43,324	12,080
Impairment losses and amortisation at 1 January	34,822	9,800
Impairment losses for the year	0	2,280
Amortisation for the year	2,273	0
Impairment losses and amortisation at 31 December	37,095	12,080
Carrying amount at 31 December	**6,229**	**0**

Intangible assets consists primarily of the App “PostalPay” as well as any underlying software etc. While PostalPay is still in an early phase after being launched in the second half of 2021, it will be an important part of the future strategy for the Group by including PostalPay among the other payment services offered by the Group. As such, the Group expects to capitalize on the rights during 2023 and beyond.

11. Property, plant and equipmen - Group

	Completed development projects	Develop ment projects in progress
Cost at 1 January	1,870	1,900
Additions for the year	307	1,280
Cost at 31 December	2,177	3,180
Impairment losses and depreciation at 1 January	1,073	624
Depreciation for the year	546	489
Impairment losses and depreciation at 31 December	**1,619**	**1,113**
Carrying amount at 31 December	**558**	**2,067**

TDKK

12. Investments in subsidiaries

	Parent company 2022
Additions for the year	940,500
Cost at 31 December	940,500
Carrying amount at 31 December	**940,500**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Inpay A/S	Copenhagen	14,500	100%	92,669	80,511
Inpay Services ApS	Copenhagen	4,000	100%	25,569	8,695
Eurogiro A/S	Copenhagen	2,508	100%	-30,593	-33,195
Clouditorium ApS	Copenhagen	40	100%	-4.603	-4,937
Postalpay Technologies ApS	Copenhagen	40	100%	-8,005	-8,772
Inpay Services UK Ltd.	London	1 GBP	100%	1,321	1,374
				76,358	**43,676**

13. Investments in subsidiaries

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

14. Cash at bank and in hand

The Group's total cash at bank and in hand amounts to DKK 428.472k (2021: DKK 402,252k). DKK 16,819k (2021: DKK 10,320k) of this amount are the Group'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 Group's own funds by placement in escrow accounts with creditinstitutions.

	Group 2022	Group 2021	Parent company 2022
15. Provision for deferred tax			
Deferred tax liabilities at 1 January	1,179	2,586	0
Amounts recognised in the income statement for the year	371	-1,407	0
Deferred tax liabilities at 31 December	**1,550**	**1,179**	**0**

16. 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:

	Group 2022	Group 2021	Parent company 2022
Payables to group enterprises			
After 5 years	0	0	0
Between 1 and 5 years	41,987	0	0
Long-term part	41,987	0	0
Within 1 year	0	0	0
Other short-term debt to group enterprises	50,287	130,773	1,649
Short-term part	50,287	130,773	1,649
	92,274	**130,773**	**1,649**

17. Cash flow statement - Adjustments

	Group 2022	Group 2021
Financial income	-5,411	-8,055
Financial expenses	16,963	2,879
Depreciation, amortisation and impairment losses, including losses and gains on sales	5,587	16,410
Income from investments in subsidiaries	12	0
Tax on profit/loss for the year	10,075	926
	27,226	**12,160**

18. Financial expenses

	Group 2022	Group 2021
Change in receivables	-5,319	4,545
Change in trade payables, etc	30,205	58,632
	24,886	**63,177**

TDKK

	Group 2022	Group 2021	Parent company 2022

19. Contingent assets, liabilities and other financial obligations

	Group 2022	Group 2021	Parent company 2022
Rental and lease obligations			
Lease obligations under operating leases. Total future lease payments: Within 1 year	6,131	18,673	0
	6,131	**18,673**	**0**

Other contingent liabilities
The group companies are jointly and severally liable for tax on the jointly taxed incomes ete 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.

20. Related parties and disclosure of consolidated financial statements

Controlling interest	**Basis**
Inpay TopCo ApS	Ultimate Parent Company
Inpay HoldCo ApS	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:

Name	Place of registered office
Inpay TopCo ApS	Copenhagen

21. Fee to auditors appointed at the general meeting

	Group 2022	Group 2021
PricewatehouseCoopers Statsautoriseret Revisionspartnerselskab		
Audit fee	429	349
Other assurance engagements	62	107
Tax advisory services	798	56
Non-audit services	2,223	601
	3,512	**1,113**

22. Subsequent events

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

23. Accounting policies

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

This is the Parent Company's first annual report. As such no comparative figures are presented. The accounting policies for the Group applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

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.

Basis of consolidation
The Consolidated Financial Statements comprise the Parent Company, Inpay Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent
Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations
Business acquisitions carried through on or after 1 July 2018
Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.
Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Pooling of interests
Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the enterprises in the intragroup business combination, are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the enterprises had always been combined by restating comparative figures.

For Inpay Holding A/S, the method has been applied to the enterprises contributed as part of the formation of the Company; Inpay A/S, Inpay Services ApS, Inpay Services UK Ltd, Inpay Global ApS, Eurogiro A/S, PostalPay Technologies ApS and Clouditorium ApS.

For the consolidated statements of 2022, this means that the consolidated numbers for the financial year 2022, 1 January - 31 December 2022 are presented including comparatives for 2021, despite the parent company only having a financial year from 17 November - 31 December 2022.

Leases
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.
All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Segment information on revenue
Information on business segments is based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

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.

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.

Staff expenses
Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

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 Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries
Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses
Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.
The Company is jointly taxed with Inpay TopCo ApS . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets
Development projects
Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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 3-5 years
Leasehold improvements 3-5 years
The fixed assets' residual values are determined at nil. Depreciation period and residual value are reassessed annually.

Impairment of fixed assets
The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, writedown is made to this lower value.

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 tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally

enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts
Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Prepayments received from customers primarily comprise transaction payables to the Group'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.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities
Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cashand cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.
Cash and cash equivalents
Cash and cash equivalents comprise ”Cash at bank and in hand”.
The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios
Gross margin: Gross profit x 100 / Revenue
Profit margin: Profit before financials x 100 / Revenue
Return on assets: Profit before financials x 100 / Total assets at year end
Solvency ratio: Equity at year end x 100 / Total assets at year end
Return on equity: Net profit for the year x 100 / Average equity

INPAY HOLDING A/S

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