Inpay Holding A/S

Annual Report 2023

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Contents

We are the payments people

Management Review

Inpay: Ready for Accelerated Scaling

In 2023, we continued our transformation journey, designed to make Inpay ready for scaling profitably. Firstly, we achieved 23% growth in revenue and a remarkable 50% growth in profit, slightly ahead of our plan. Secondly, while continuing to grow, we also set ourselves a strategic ambition in 2021: to professionalise the company over the following two years, fuelling our platform and capabilities to cater to the complex needs of customers across verticals. I'm proud to say that we have now successfully completed this phase. The collective effort to achieve this very ambitious strategic goal is remarkable, positioning Inpay well for scaling in the future we envisage.

The need for Inpay's solutions in a global market seems self-evident. We want to create a world where cross-border payments can help people and businesses thrive. To achieve this, it's vital to have the right combination of **technology**, **compliance**, and **network**, which is difficult to build and even harder to maintain. At Inpay, we have succeeded in building, combining, and refining these three components for more than 15 years, making our business unique and providing sustainable advantages for our customers.

Building on a Solid Foundation
We have delivered strong financial results during 2023, continuing our track record of healthy profitability as well as top and bottom line growth above the market; 23% and 50%, respectively. This success was realised while maintaining a sharp focus on how and where we grow and continuing to deliver exceptional service to our customers, solving their complex payments needs.

Our collective ambition is to be a premium partner that provides a market-leading service within the verticals that we choose to serve. To achieve this and to empower our teams to operate at this standard of excellence, we have spent the last two years focused on professionalising the business. This process has centred around market diversification, product development, geographic reach, excellence within compliance and risk management and investing in our people.

Market Diversification
Over the last 12 months, we have leveraged our premium brand and service to grow within our existing customer base as well as to successfully diversify into complementary verticals. To do this, we have tailored our go-to-market model for each vertical, strengthening our expertise, offerings, and end-to-end customer journey. As a result, we continue to establish ourselves as a competitive, viable, and attractive alternative to more traditional players that have served our customers in the past.

We remain a market leader in iGaming and are now seeing positive traction across Financial Institutions & Partnerships, as well as Corporates & NGOs. As global money transfers continue to be disrupted and transactions move from traditional banks towards PSPs, these verticals provide us with vast growth opportunities.

I am particularly proud of our work with NGOs, such as the Danish Red Cross. The payment needs of NGOs have historically been underserved, as their operations face a multitude of challenges due to regulatory complexity. By addressing these needs, Inpay is able to add significant value. The solutions developed in this area can also be applied to further improve the services we provide to other customers. Beyond being a growth area for our business, serving NGOs is a fundamental part of our purpose.

Despite diversifying into new segments, the strength of our offering is underlined primarily by our customer metrics. For 2023, our customer retention remained very high, with net revenue retention at around 120% for the year. And most recently our Net Promoter Score reached 82 – well above the industry average.

Tailored Products and Technology
We aim to optimise the way we operate to suit the needs of individual verticals without compromising on quality.

Throughout 2023, we have tailored our product offering in a way that allows us to serve the unique needs of the distinct verticals. We have chosen to do so from a common core of shared payment functionality, combined with a dedicated set of features that cater for the specific needs of the individual customer group. There is no 'one-size-fits-all' solution in this industry. However, the fundamental principles of payment functionality that set Inpay apart remain core to payments across all segments. This allows us to compete effectively in any new vertical where we have built the required capabilities.

At the same time, cross-learning allows us to optimise the offering across other verticals. As an example, by creatively thinking about the process from onboarding a customer to their first live transaction in one part of the business, we were able to cut the time spent on the similar process by two-thirds in another.

To enable all this and to cater for the growth that we envisage, the year also saw the completion of a tech upgrade that has elevated our core technology to the next generation. Technology is the main driver of the services we provide and while enhancements to the core happen continuously, the total refresh that we completed in 2023 enables us to move ahead with the confidence that we have the foundation required to scale and sustain growth in the years to come.

Thomas Jul – Chief Executive Officer

The Right Network
We have clarity on what differentiates us: the ability to solve complex challenges that others cannot. As part of this, our customers look to Inpay to provide the network that they need. From a practical point of view, this means providing access to both mainstream corridors as well as hard-to-reach places across the globe, creating unique solutions for our customers.

We have continued to optimise the way we develop our network. In 2023, we saw 18 new local markets added to our offering and in 2024 we will further expand the list with an additional 60 countries at the pace that our customers require. Throughout the year, we have further enhanced our approach to network development, making high-quality, multi-channel, direct-access corridors the standard for all major markets. Smaller markets are served more cost-effectively through fewer channels or sometimes even through partners, ensuring that they remain financially viable over time.

As a result, our Smart Routing technology transfers money through the best available channels with speed and an industry-leading completion rate higher than 99%.

Enhancing our Compliance Capabilities
During 2023, we continued to invest in all lines of our compliance setup. In particular, to be able to handle the growing number of transactions in the network, we strengthened our Money Laundering Reporting Officer (MLRO) setup and enhanced our Transaction Screening and Transaction Monitoring (TSTM) capabilities. By combining an industry-standard, off-the-shelf product with our own modifications, tailored to our customers' needs, we have created even better ways of tracking adherence to our strict compliance requirements, detecting suspicious activities and analysing transaction patterns more effectively.

Compliance has always been a priority for us as a business and our track record is second to none. In 2023, for the second consecutive year, our external AML/CTF audit found 0 instances of non-compliance.

People Powered Payments
One of our major strengths continues to be our people. 'People Powered Payments' are increasingly rare in the commoditising world of FinTech and continues to be highlighted as a key USP by our customers. We emphasise the human element within transactions, being available to our customers when needed, recognising that there are real people behind every digital interaction, and fostering deep, trust-based relationships with our customers.

The strength of our team is rooted in diversity. With more than 45 nationalities represented, each of our employees brings diverse perspectives, insights, and real-life experiences relevant to their operational domains. This approach not only fosters a richer work environment but also contributes to better business outcomes.

Future Disruption and Growth
Entering 2024, Inpay is transitioning into a renewed scaling phase to focus on new market opportunities. Having unlocked great insights to the verticals we serve, we now power our growth with even deeper understanding, securing our competitive position.

We welcome credible, compliant competition and share the responsibility of advancing our industry. It is evident that our sector is still in the early stages of disrupting payments as we used to know them. Innovating in a space that has remained largely untouched for decades, we embrace the significant potential for disruption of the industry; crafting a future where the genuine human touch we provide becomes a magnet for a broader customer base seeking speed, transparency, and reliability.

The journey ahead holds boundless opportunities, and our achievements in 2023 have only strengthened my belief that we are on the right path.

Where Payments Create Possibilities

Inpay stands out in the global payments landscape through our unparalleled blend of network, technology, and compliance. We empower customers with the ability to conduct smarter, safer, faster, and more cost-efficient cross-border, multi-currency transactions. This is made possible through our comprehensive payments network, supported by a team of close to 200 payments experts – dedicated to helping each and every one of our customers thrive. Our advanced transaction routing engine and robust GRC framework not only facilitates expert execution but is also deeply rooted in our commitment to compliance, ensuring that every transaction upholds the highest standards.

Our approach sets us apart in the financial services sector. Through smart payment routing across our global banking network, leveraging risk-based scoring scenarios, we ensure industry-leading compliance and customer trust. This enables us to complete more than 99% of payments efficiently, demonstrating our readiness to expand and cater to a broader audience while maintaining the highest standards of service.

What We Do

Inpay delivers a wide range of financial transactions, including cross-border payouts, Open Banking enabled pay-ins, peer-to-peer payments and cash remittance services. Our expertise lies in facilitating complex transactions and making them fast, transparent, and secure for our customers. By connecting the world in a much simpler, faster, and more secure way than traditional methods, we enable seamless financial interactions across borders.

How We Do It

Our approach is customer-centric, emphasising the importance of trusted relationships and expert execution. Inpay's dedicated teams in Copenhagen and London are committed to providing an easy and fast customer experience. Additionally, we are looking to further expand our presence in local hubs worldwide. An account manager ensures personal relationships while our single API integration simplifies system compatibility. Our commitment to compliance and secure payments is unwavering, certified by the Danish FSA and holding an EMI licence, establishing Inpay as a leader in compliance and risk management.

Why We Do It

Less than 4% of global payments are managed outside the traditional banking sector, yet demand is surging by 6-10% annually, with even faster growth in specific verticals. This, combined with the shift towards account-to-account payments, positions Inpay at the cusp of a significant opportunity. Our leadership team's expertise in payments and our organisation's dedication to building trusted relationships are pivotal in making these payments happen.

NUMBER OF TRANSACTIONS IN 2023

INPAY HISTORY

16 years

Inpay was founded in 2008 by Jacob Tackmann Thomsen. In 2021, Inpay was named one of the fastest-growing fintech companies in Europe by the Financial Times.

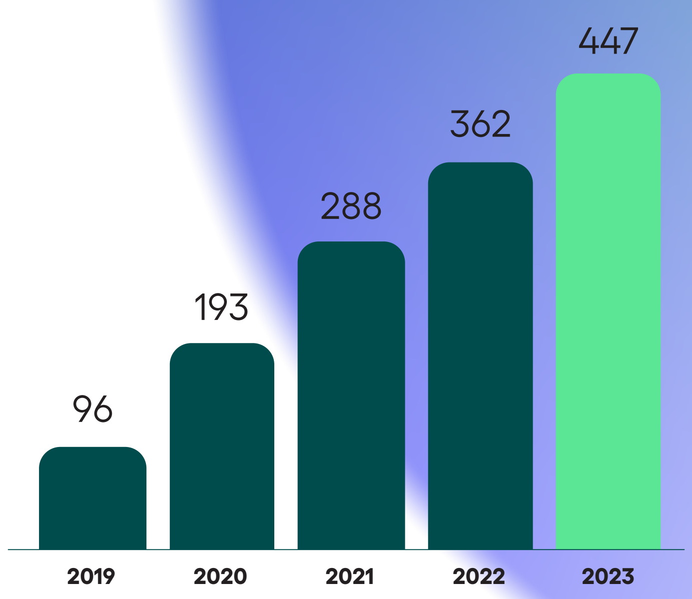
NUMBER OF EMPLOYEES END 2023

197 FTEs

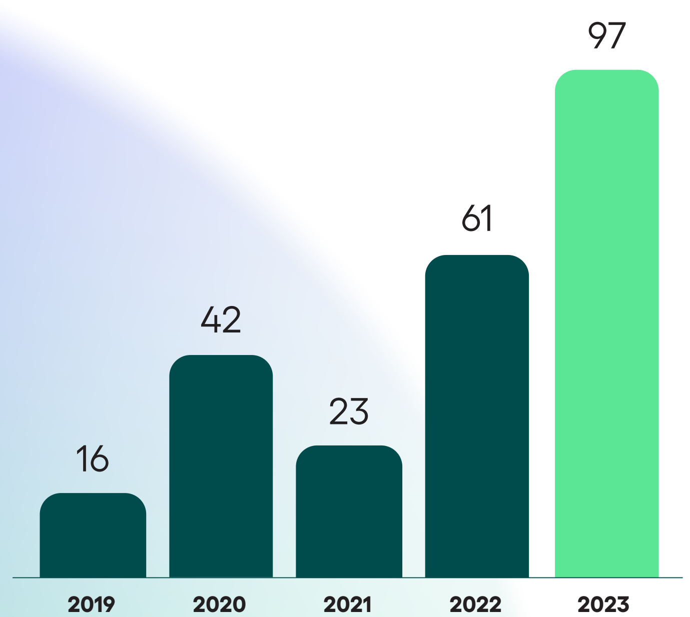
Inpay has grown from 42 employees in 2018. On average during 2023, there were 151 FTE employees and 36 long-term contractors.

Key Figures

Revenue
DKK million



EBITDA
DKK million



DKK thousand

Profit/loss	**2023**	**2022**	**2021**	**2020**	**2019**
Revenue	447,107	361,761	287,815	193,410	95,546
Gross profit/loss	247,319	196,897	164,575	104,444	53,240
Earning before interest, taxes, depreciation and amortisation	96,762	61,484	22,972	41,703	16,305
Profit/loss before financial income and expenses	90,231	55,897	5,930	37,141	16,387
Profit/loss of financial income and expenses	925	-3,460	5,176	-2,098	-4,179
Net profit/loss	63,414	42,362	10,180	29,351	9,454
Balance sheet					
Balance sheet total	689,829	565,999	525,257	439,880	243,440
Investment in property, plant and equipment	528	1,587	1,111	785	402
Equity	89,281	55,876	12,446	98,857	43,178
Cash flows					
Cash flows from:					
- operating activities	162,737	82,447	90,187	168,814	49,046
- investing activities	-33,913	-1,598	-2,921	-15,676	11,560
- financing activities	-63,413	-54,629	-29,997	-17,851	-557
Change in cash and cash equivalents for the year	65,419	26,220	57,269	136,846	60,607
Average number of employees*	151	117	102	61	42
Ratios					
Gross margin	55.3%	54.4%	57.2%	54.0%	55.7%
Profit margin	20.2%	15.5%	2.1%	19.2%	17.2%
Return on assets	13.1%	9.9%	1.1%	8.4%	6.7%
Solvency ratio	12.9%	9.8%	2.4%	22.5%	17.7%
Return on equity	87.4%	124.0%	18.3%	41.3%	31.1%

* Does not include long-term contractors

In connection with changes to accounting policies, the comparative figures for 2019, 2020 and 2021 have not been restated.
See the description under accounting policies.

Revenue (DKK thousand)
447,107
Revenue (EUR thousand)
60,117

EBITDA (DKK thousand)
96,762
EBITDA (EUR thousand)
13,010

Revenue Growth
23.6%

EBITDA Growth
57.4%

Gross Margin
55.3%

Profit margin
20.2%

An Impressive Year of Growth for Inpay

Our financial results for 2023 make for impressive reading. We have continued to balance short- and long-term priorities during a period of transition and significant investment. This involved maintaining excellence in service delivery, best-in-class compliance, and a focus on sustainable, profitable growth, at a time when we have also transformed our operating model, technology platform and capabilities. This allowed us to deliver on our revenue guidance for the year, with a growth of 23%, and to continue to self-fund the transformation through strong profitability and cash generation. Indeed, we have managed to improve our EBITDA margin in 2023, which, I believe, is as much about the trusted partnerships we have built with our customers and network providers as it is the number of transactions. It is also a testament to the more efficient operating model that we have developed over the past two years in readiness for our next growth phase.

Highlights
Revenues increased to DKK 447m in 2023 from DKK 362m last year, primarily driven by increased payment volumes in our core markets within iGaming. The growth has been a combination of increased share-of-wallet with existing customers and the ramp-up of new business, which has allowed us to reduce concentration in our customer portfolio in line with our diversification strategy. This is due to our ability to move money at speed to where our customers require, no matter how complicated, thanks to our integrated approach to technology, network, and compliance.

Our take rates (revenue as a percentage of the volume of funds moved) have been resilient despite increased competition and price pressure in some corridors. There has also been a product mix effect due to the growth in our peer-to-peer solution, which matches local pay-ins and pay-outs to enable cross-border payments where complexity otherwise prevents it. During the second half of the year, we acquired our strategic partner in this offering, Robot Go Pty. Ltd to allow for further integration and to fast-track its roll out to our customers.

We have averaged 1 million transactions per month in 2023 and are now ready to scale even more, having effectively replaced the 'engine' while maintaining our growth trajectory over the past two years.

The average number of FTEs has increased by 31% across the year to 187 (including long-term contractors). Part of this has been dedicated to developing the technology platform and our product capabilities as part of the tech refresh, with the remainder attributable to both professionalising and rightsizing each functional area of the business in readiness for scale.

Financial Review
Gross profit increased by 26% to DKK 247m on a slightly improved gross margin. This includes an FX gain on our network balances this year as compared to an FX loss last year, which contributed 2%-points. Underlying direct expenses reduced slightly year-on-year due to operational efficiencies and leveraging economies of scale within our network. This was offset by a significant increase in other external expenses, primarily due to the investments made in further professionalising the business and preparing for accelerated scale. This included increased spend on branding and lead generation, higher consulting costs related to the tech refresh and successful execution on a range of key strategic initiatives, as well as additional legal costs incurred in expanding our regulatory licence portfolio to include an Electronic Money Institution (EMI) licence with the Danish FSA.

Staff expenses increased 11% with the growth in headcount, although the average cost per head decreased due to non-recurring exceptional bonuses and the change in the functional department mix. We have and will continue to invest in our people to grow competencies, both in relation to new hires but also through continued investments in the learning and development of existing staff.

EBITDA increased by 57% to DKK 97m, with EBITDA margin increasing by 5%-points to 22%. The FX gain on network balances contributed 2%-points, with the underlying EBITDA increasing by 38%. This was a combination of the improved trading gross margin on the higher revenue, partly offset by the investments in the operational base to fuel further growth.

Net profit increased 50% to DKK 63m, with the net result contributing to an increase in cash flow from operating activities of 97%. Our strong liquidity position and cash conversion rate has further improved following increased focus on optimising the amount of cash used in operating our network. This has allowed us to make strategic acquisitions and continue to provide the self-funding for our growth journey.

Søren Strøm – Chief Financial Officer

As of December 31, 2023, the balance sheet totalled DKK 690 million, compared to DKK 566 million at the end of 2022. Total equity amounted to DKK 89 million, compared to DKK 56 million, and Cash reserves held of DKK 494 million, compared to DKK 428 million.

Operating and Financial Risks
"We create certainty through compliance, putting meticulous risk management, transparency, and robust regulatory processes at the very heart of everything we do."

As a payment service provider, Inpay is inherently exposed to several risks common to the financial services industry, including fraud, AML/CTF compliance risks and risks related to operational stability and security (IT). In addition, as we facilitate cross-border payments, counterparty and FX risks are inherent in the business model. A wide range of controls and procedures are implemented to mitigate these risks. We consider our work with Governance, Risk, and Compliance (GRC) as one of the central pillars in our value proposition and as such an area for continuous improvement that we plan to further strengthen going forwards.

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.

Outlook
The strength of our business model and unique value proposition, serving customer needs across multiple verticals, provides for many exciting business opportunities in 2024 and beyond. Revenues for the year are expected to be in the range of DKK 550 million to 600 million, with profit margins at a similar level to 2023 as we continue to build on a strong iGaming foundation and pursue our diversification strategy by establishing scale in our other verticals. This will lower blended gross margin, which is expected to be offset by operational leverage as the business scales.

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 rising geopolitical tensions underline that our assumptions are more uncertain than normal. However, we have not been significantly affected by this in 2023 and we do not expect to be so in 2024 either. In a world in which payments volumes are growing rapidly while increasingly being digitalised, Inpay is well-positioned to solve complexity at scale.

An Experienced Leadership Team

Inpay's leadership team has played a pivotal role in leading the business to achieve strong results in 2023. Our leadership team possesses great breadth and depth in scaling businesess within each individual's knowledge and expertise. This comprehensive expertise is rooted in experience across different industries, companies and countries and is hugely beneficial in scaling Inpay internationally.

Thomas Jul
Chief Executive Officer

Thomas' career includes C-level roles at Nets and Ericsson, and a 15-year tenure at Nokia in executive leadership positions. He currently leads Inpay's ambitious global expansion strategy to enable more businesses, organisations and financial institutions to offer fast, secure and compliant cross-border payments in the smartest way possible. Thomas is also CEO of Eurogiro, the global postal network body acquired by Inpay in 2018.

Søren Strøm
Chief Financial Officer

Søren has more than 35 years' experience in the finance sector. Previously a partner and member of the executive management of EY, Søren has also held Chief Financial Officer positions at the Clipper Group, Stibo Group, Scandinavia's largest commercial printing company, and Maersk. He brings a wide range of financial expertise to Inpay around audit, strategy and M&A.

Jonathan Bennett
Chief Commercial Officer

Jonathan has spent two decades in the payments industry in senior positions at American Express, Mastercard and Travelex. More recently, he played a critical role in the commercial transformation of high growth fintechs, such as Kalixa, Cashflows and Docomo Digital. With proven expertise in the full payments value chain and a long history of building valuable commercial partnerships, Jonathan plays a vital role in Inpay's ambitious international growth strategy.

Anja Ellegaard Dahl
Chief Product & People Officer

Anja has more than 15 years' international work experience at 30+ companies, gained from client work and leadership roles at Deloitte, McKinsey and Mymee. She has a proven record in staffing companies for scale and growth, as well as building and leading large global teams. Anja's responsibilities at Inpay include leading organisational development and nurturing our high-performance culture.

Ami Klein
Chief Technology Officer

Ami has 25 years' experience of developing secure, distributed and scalable systems. He was one of the first employees at Inpay back in 2007 and is responsible for designing and building IT systems to support the business. Ami is a great believer in being agile and the KISS principle to deliver fast and simplified solutions for complicated tasks.

Torben Krogh Danielsen
Chief Operating Officer

Torben has more than 17 years of experience in banking and consulting, leading complex transformations. Currently, Torben oversees Inpay's operations, including treasury, monitoring and payment network activities. Working closely with all stakeholders across the value chain, Torben's primary focus is to ensure that Inpay can operate at scale, support its customers and maintain compliance across the board.

Camila Witt
Chief Risk & Compliance Officer

Camila has a strong background in enterprise risk management and anti-financial crime, especially AML/CTF. She also has experience with FSA licence applications in Denmark and Finland. Camila's primary responsibilities at Inpay include ensuring that all activities comply with applicable legislation and regulation, plus managing the continuous implementation of a strong risk framework. Educated in law, Camila has Ph.Ds from universities in Italy and Brazil.

Jens Heurlin
Group General Counsel

Jens is a leading legal professional in the Nordics with more than three decades of experience in senior legal positions as Group General Counsel and executive member at PostNord and Nets. Jens is overall responsible for regulatory matters in the Group giving advice on a range of areas, i.a. new product development, M&A activities, contract management, compliance and licence applications.

Mads Bomann Larsen
Chief Strategy & Transformation Officer

Mads is a respected leader with two decades of leveraging technology in international companies to drive organisational growth, performance, profit and transformation. He joins Inpay after almost 10 years at Nets and 7 years at BEC. His addition to Inpay's leadership team strengthens the development of Inpay's product portfolio, helping Inpay to cement its status as a market leader in cross-border payments.

Getting Things Right: Paving the Way with Strong Risk Management

Specialising in complex cross-border payments, navigating risk is fundamental to how Inpay operates. Robust risk management processes are embedded into the fabric of the company. Over the past 12 months, the Governance, Risk and Compliance (GRC) framework has further developed to fully support the business in terms of both growth and scalability.

Governance for Risk Management Excellence
2023 marked the successful completion of Inpay's strategic Risk Management Excellence project, driving the company further in surpassing industry standards. Trust is important in everything we do, and risk management is at the core of this. We have an aggregated view of our risks and policies through a matured risk setup, enabling us to continuously monitor risks, design risk scenarios and support our scalability ambitions. Inpay consistently meets the high standards required to drive our business forward, standing up to regulatory scrutiny time and time again.

A robust, streamlined governance structure allows the detection and prevention of financial crime in real time - a significant factor in achieving a higher than 99% payment completion rate.

Driving Company Culture and High-Quality Solutions
The Enterprise Risk Management strategy focuses on strong quality assurance via a holistic framework categorising risk into: Non-Financial Risks (of which Financial Crime Prevention constitutes a core element), Financial Risks and Strategic Risks. The framework is built upon the following principles, which are designed to enable Financial Crime Prevention delivery at scale:

Technology: Utilising advanced tools enables the team to design tailored scenarios for industry-specific risks.

> In navigating risks, we don't just carry an umbrella when it rains; we've mastered predicting the storms long before others even check the weather forecast. This foresight is our competitive edge

Streamlining documentation facilitates greater accountability and ownership of risks and frees up resources to tackle complex challenges within the fast-changing client segment industries, enabling scalability.

Inpay's 16-year tenure and experience in navigating changes in the industry, in customer behaviour, and in the regulation has matured and refined our processes. The three lines of defence are Risk Control and Ownership (Commercial, Operations, Technology, Finance, People, Product, Development, Strategy & Transformation), Risk Oversight (Governance, Risk & Compliance, Chief Information Security Officer) and Risk Assurance (External Audit). Learnings gained from past experiences, combined with monitoring of regulatory changes and political shifts by the Risk Radar, enhance our understanding of their impact on our business.

We believe that people are just as central to service delivery as the technology, so it is vital to equip employees at all levels with the right tools and training. Comprising seven nationalities, the Governance, Risk & Compliance team is also highly diverse, which provides a broad cross-section of ideas and experience.

"We have the right people and the right talent, and we keep investing in them. That is why our customers invest in us".

Adapting to Regulations with a Compliance Focus
The team proactively manages regulatory changes, such as the Digital Operations Resilience Act (DORA). Understanding how new rules and regulations affect the payment solutions and the market is a key priority for Inpay. This ensures our services are both resilient and compliant, safeguarding our competitive edge.

The robustness of our GRC framework has resulted in two consecutive years of zero non-compliances in our external AML/CTF Audits, which is a significant achievement, especially considering the complex environments in which our business operates.

Camila Witt – Chief Risk & Compliance Officer

With a heritage spanning 16 years, we've embraced the ever-evolving regulatory landscape in complex markets. Our commitment to operational resilience is reflected in an annual health check program for products and processes, where we proactively identify and escalate areas of risk.

Our industry-leading internal setup monitors regulatory developments and ensures that we promptly execute any necessary changes to maintain full compliance. This proactive stance enables us to guide our customers through the complexities of international money transfers securely.

Our Social Responsibility and Business go Hand in Hand
Developing the NGO customer base has been a significant achievement for the business and the Risk Management team in 2023. This complex sector has been underserved and faces enormous challenges when it comes to the pace and security of moving money from a part of the world with excess resources to people in need of help in other parts of the globe.

Given the high level of risks involved and complexity of the transfers, the key to success centres around taking the time to understand, assess and mitigate potential risk exposure specific to each geographic corridor. NGOs operate in high stress environments, which makes it extremely rewarding for the whole team to help them move the funds they need to carry out their vital work.

"We proudly serve the NGO community, a historically underserved sector due to its complexity. Yet, the rewards of being a part of this mission are immense. Our commitment to risk management is not just a strategy; it's the essence of our business and that resonates through every action - ensuring Inpay's journey to be both impactful and resilient."

Key Priorities for 2024
As Inpay looks to scale, the priorities for 2024 center around fine tuning and enhancing the current systems, specifically across: KYC - to optimise and tech-enable the Know Your Customer (KYC) processes and deploy automation for reverse KYC completion to significantly reduce false positive results on checks; AML – to expand formal Anti Money Laundering (AML) data governance; and STP – to define workflows to further differentiate risks and create Straight-Through Processing (STP).

In 2024, a central focus will be on fortifying our team of diligent, diverse, and talented Risk Management professionals. Their collective efforts will be instrumental in shaping the trajectory of our growth journey.

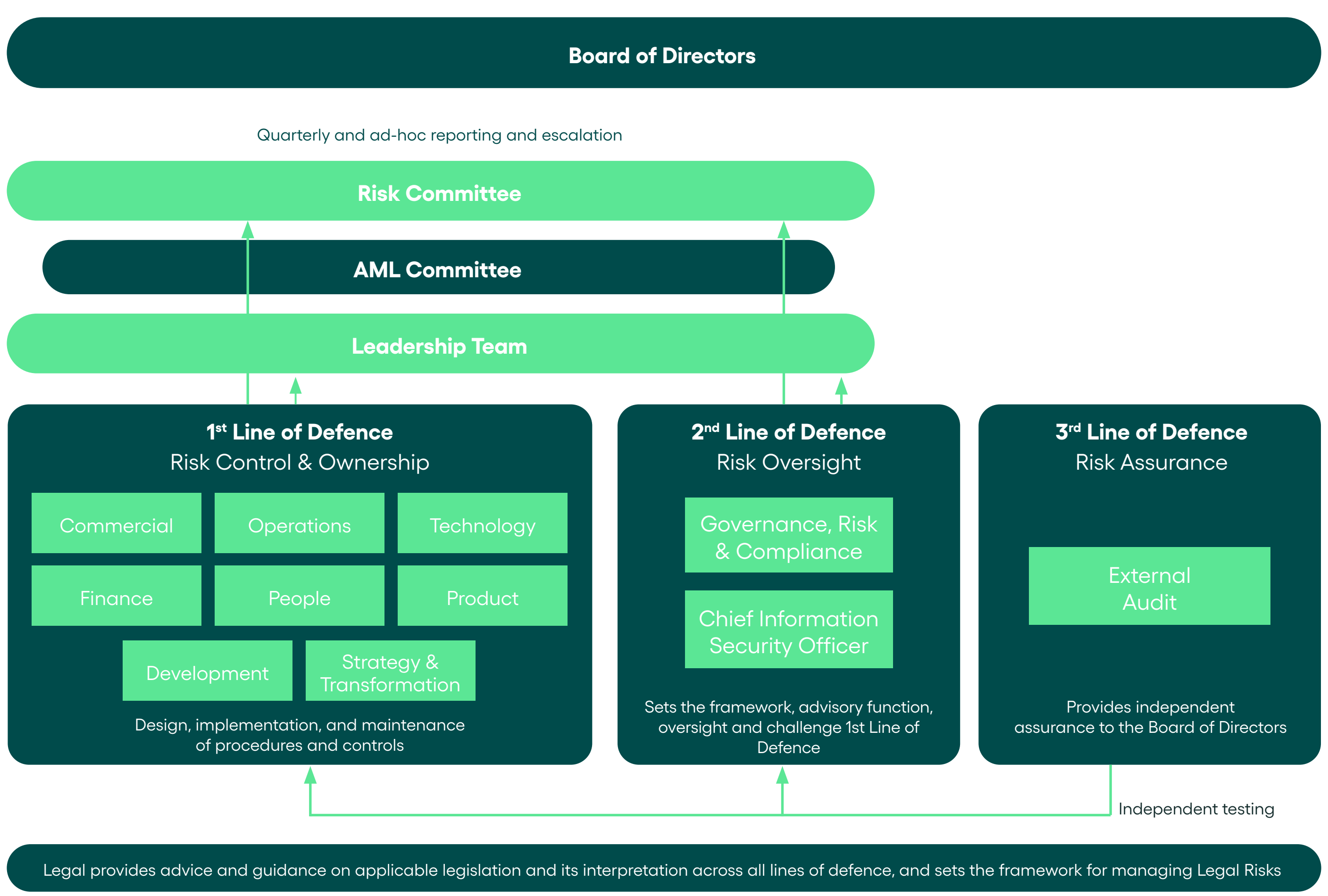
Risk Management at Inpay

Three Lines of Defence

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.

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

Overview of Roles and Responsibilities at Inpay



Enterprise Risk Management

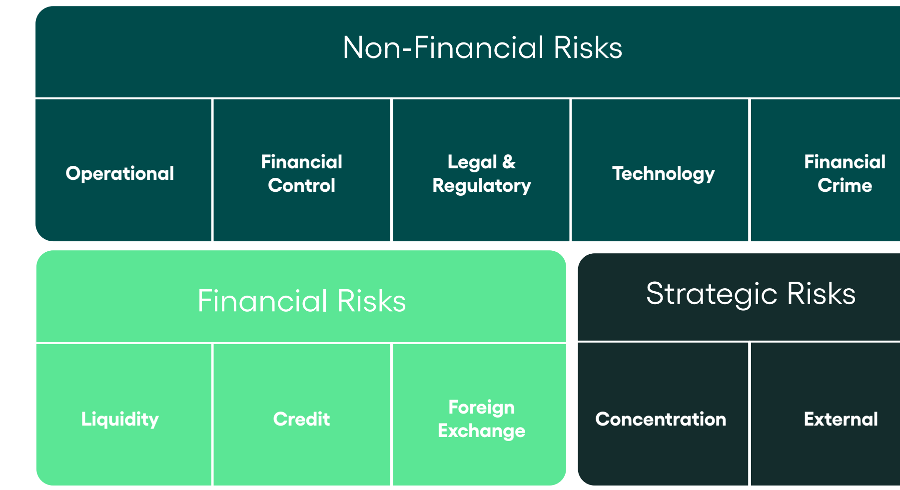
Enterprise risk management (ERM) enables the company to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value, especially when management sets strategy and objectives. This allows the company to achieve balance between growth, return goals, and related risks, as well as efficiently and effectively deploy resources in pursuit of the company's objectives. Therefore, ERM plays a key role in ensuring that risk management fulfils its purpose of value creation and value protection. Inpay's risk taxonomy is an important part of our ERM, and it provides a common, comprehensive language for risk management, improving risk assessment processes, risk aggregation, and enabling a comparative analysis of the risks faced by the organisation. It comprises an aligned terminology for risk categories, risk events, causes, controls, and consequences, and it is developed and maintained by Governance, Risk & Compliance.

Risk Management Process
The risk management process guides decision making throughout all business activities.

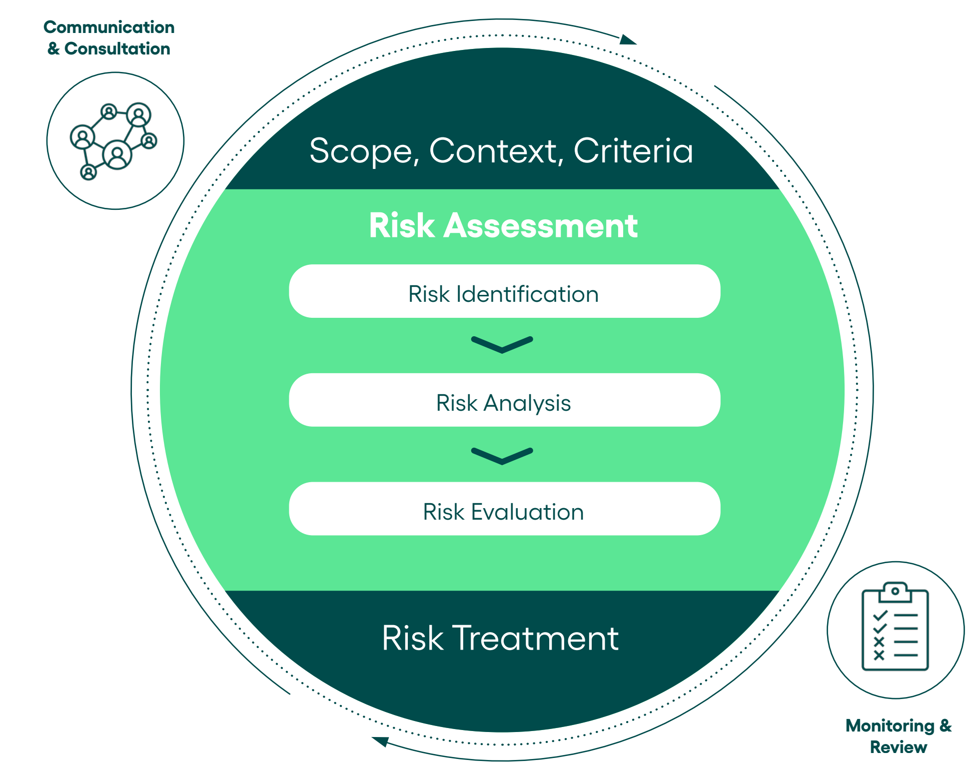
Managing risks is a continuous activity, which requires regular communication and consultation with all stakeholders to define the scope, context, and criteria of a risk assessment. In this process, we identify risk factors that could influence the value creation in our products, processes, markets, and operations.

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.

Our Enterprise Risk Management provides a comprehensive, holistic framework



The risk management process guides decision making throughout all business activities



Statements in Accordance with the Danish Annual Account Act, Sections 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 2023.

Inpay's business model facilitates transactions across borders, and its value proposition is to make global payments easier, cost-effective, and faster. The Inpay platform provides access and visibility to merchants, who use the platform to access and transfer funds to other entities or individuals. Inpay has established corridors around the world, and each corridor represents a country in combination with a transaction type, e.g. SWIFT or SEPA.

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
Our social impact is comprehensively addressed in our core policy frameworks, 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. This is done to mitigate the risk of a negative work environment by acknowledging our company's impact on our local communities.

Throughout the year, we commit ourselves to gauge and enhance employee satisfaction and development. We conduct eNPS assessments on a quarterly basis. Our eNPS score of 31 by the end of 2023 indicates strong employee satisfaction. Furthermore, we hold bi-annual employee development interviews with all employees to have a continuous dialogue about their development and job satisfaction. We did this in 2023 and expect to continue doing this in the coming years.

One of our key verticals is to serve NGOs and NGOs are equally important to Inpay as clients from other sectors, contributing to Inpay's business in the same way. However, we are proud to contribute in the delivering of funds to those in need by partnering with NGOs.

As a fintech company, we recognise that our environmental footprint is limited so we see a reduced risk of our company negatively impacting the environment. Consequently, we currently do not maintain an environmental policy.

We evaluate the need for establishing an environmental policy on an annual basis and closely monitor the evolving requirements of the European Union's Corporate Sustainability Reporting Directive (CSRD), which will mandate extended ESG reporting in the coming years. For further information on our ESG efforts, please refer to page 32-33 of this report.

Human Rights
Inpay is a diverse workplace, and we view our diversity as a strong contributor to the company's growth. We acknowledge the potential risks in our diverse workforce, where discrimination poses a risk. We support human rights, a commitment clearly outlined in our employee handbook. This document, which underscores our human rights policy, is required reading for all employees upon their commencement of employment. Additionally, our employment contracts explicitly reference the handbook, ensuring new hires are directed to review it.

In 2023, Inpay reported no human rights violations. Moreover, we have received no allegations or complaints related to human rights issues. Our eNPS of 31 further reflects strong employee satisfaction within our organisation.

Anti-Corruption and Money Laundering
As a member of the global financial community, we are at risk of being misused for money laundering, corruption, bribery and related crimes. We have a strong commitment towards mitigating these risks and have numerous strategies in place.

In 2023, our external AML/CTF Audit found 0 instances of non-compliance for the second consecutive year. An external audit also 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.

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 behaviour 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 behaviour 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.

We continue our efforts and commitment in these areas and for further information about our important work, please refer to page 14-17 of this report.

Section 99b – Diversity
We have a multinational workforce comprising more than 45 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.

Management comprises both 'Top Management' (C-Suite) and 'Other Management' which is defined as those reporting into Top Management with direct managerial responsibilities. A target of 30% has been set for the underrepresented gender at Management level by end 2026.

The development over the last 5-years has shown good progress towards meeting this target. Inpay's policy is based on the Danish Chamber of Commerce's Diversity Pact, which Inpay became a signatory to last year. The main content of our policy is in supporting more diversity and inclusion in practice by working with goals for promoting more female talent towards management positions, supporting an inclusive company culture, and developing employees. In 2023, the implementation of this policy included, amongst other activities:

- Leadership training: All managers in Inpay completed training in DE&I to support commitment and skills.
- Diversity initiatives: Inpay held a Cultural Heritage Celebration to cover a variety of festivals and traditions reflecting our employees' different backgrounds.
- Employee developments plans (EDPs): We introduced continuous development plans for all employees to support their growth here,
- General awareness: We created a company-wide diversity pledge wall to encourage reflection and support discussion.

At Board level, the general assembly had previously concluded that it has not been relevant to have specific targets, or quotas, for female representation on the board. However, it has now been decided to set a target to have at least one female board member by 2026. In 2023, there have been a change to the board and the candidate with the best suitable background was selected. However, the board did not progress on the diversity target.

As Inpay Holding A/S has less than 50 employees, the Parent Company is not obligated to present targets or formulate policies regarding the underrepresented gender in other management levels of the Parent Company.

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.

Group

Management FTE	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23
Top management level	2	2	5	10	9
Other management level	9	14	17	23	26
Total	11	16	22	33	35
Female distribution	0%	6%	9%	24%	20%

Parent Company

Board Diversity	Dec-23
Number of board members	3
Target for underrepresented gender 2026	33%
Percentage of underrepresented gender	0%
Number of employees on other management levels	0

Business Outlook

A Hyper-Focused Commercial Strategy: Cross-Functional Transformation Built for Scale

Throughout 2023 Inpay has continued its growth in core markets by solving complex payment challenges for an increasing number of customers worldwide. Increasing the value Inpay demonstrates to its customers continues to be a key priority for the commercial team. The focus this year has been on transitioning the way the business organises its go-to-market strategy, by implementing a vertically integrated go-to-market model. This has resulted in hyper-focused and vertically specific service delivery across the key strategic sectors Inpay serves, benefitting not just existing customers but also future customers, as Inpay scales in the coming years.

Reacting to Market Needs: A Customer Centric Approach
Our commitment to meeting our customers' specific needs is at the forefront of our product development strategy.

In 2023, we optimised our payouts product, leveraging advances in our core technology to significantly enhance our platform's scalability. As our customer base grows, so too have transaction volumes, with 2023 seeing us reach over a million transactions a month for the first time. With this rapid growth comes a demand to move money at greater volumes and with greater efficiency than ever before. The release of our V2 tech platform has provided just this - future-proofing our core payouts product for even the largest of enterprise customer needs.

We have also seen increasing demand for closed-loop payments services in 2023, as customers look to benefit from the operational and commercial efficiencies of pay-in and payout services from a single provider. Alongside our core payouts offering, the continued rollout of our Open Banking enabled, cardless pay-in product delivers against this key industry need - giving customers a frictionless and significantly more cost-effective way of collecting funds for their end-users.

Cross-Company Vertical Integration: Aligning our Teams for Customer Success
To increase the value we deliver to our customers, 2023 saw us align our commercial and product teams alongside the sectors outlined in our new go-to-market model. These key strategic sectors are as follows:

iGaming – A highly complex and highly regulated sector in which we have built up over 16 years of experience. Inpay now serves a quarter of the industry's Power50. And continues to be one of the industry's most trusted providers.

Financial Services – Inpay works with Financial Institutions and Fintech Partners with specific focus on banks and PSPs operating in areas with traditionally underserved regional regulatory requirements, such as the Middle East and APAC. Inpay's ability to understand complex regulation globally while delivering secure, accurate, and transparent money transfers is proving attractive to this market.

NGOs and Corporates – NGOs are another underserviced and highly complex sector, and form part of our founding story. We have seen NGOs increasingly excluded from payments services by banks who aren't able to manage the complex regulatory frameworks they need in order to operate safely.

Our corporate proposition continues to serve globally facing businesses with highly complex cross-border payment flows, such as those in the shipping, travel and ecommerce industries.

Aligning our commercial and product teams to our key sectors ensures that they are fully equipped to provide insights and services, which are tailored to our customers' specific challenges.

A Differentiated Brand for a Crowded Space
As we continued to strengthen and differentiate our product offering over the course of 2023, we saw a need to do the same with our brand. In a market full of overly-familiar and overlapping propositions, we looked to refresh our brand in a way that plays to our unique strengths and capabilities, and gives Inpay standout in a crowded market. To do this, we turned to our customers – asking them what makes us different, what brought them to us, and what has kept them with us for so long. The feedback was universal – it is our people, the collective expertise they provide, and the value they bring, that elevates us beyond our competitors: a true differentiator in a fintech market increasingly driven by tech-only offerings.

Jonathan Bennett – Chief Commercial Officer

A renewed brand proposition has been built to bring this clear differentiator to life - positioning Inpay as "The human-powered payments network". A global banking network powered by smart tech, innovative products, and industry-leading compliance. Yet, at its core, it is driven by human expertise - something we believe is absolutely essential if the industry's most complex payments challenges are to be successively solved. A refreshed visual identity has been rolled out to further bring this to life and differentiate us in the market. A refreshed purpose has also been introduced, which encapsulates the reason we exist for the many customers we serve.

Our Approach to Growth? Thinking Globally, Acting Locally
Increased global demand for cross-border payments within the sectors we serve is coupled with strong growth in the account-to-account market. This underlines the necessity for a local presence to cater directly to our customers' unique needs. To accommodate this, we are expanding the commercial team's global footprint,

> “ To connect organisations and people globally to the payments network that helps them thrive

with a soon to be opened office in Dubai in Q2 2024. Putting feet on the ground benefits our key Middle Eastern customers who increasingly demand a local commercial presence. Customers such as the Commercial Bank of Qatar, the Commercial Bank of Kuwait and Al Ansari Exchange are just a few of the region's leading financial services providers who will soon benefit from this new presence. As a service-driven payments provider, it is vital that we are present where our customers are present. With that in mind, as we continue on our growth journey, we are also looking to build a presence in Asia Pacific, Latin America and North America in the coming years. This approach epitomises our 'human-powered' ethos.

A refreshed and differentiated brand narrative

Core idea

“The human-powered payments network”

This is the core idea that drives our brand message. In one phrase it captures who we are, what we do and what makes us unique. A global banking network powered by smart tech, innovative products, and industry-leading compliance – but driven at its core by human expertise.

Purpose

“To connect organisations and people globally to the payments network that helps them thrive.”

Our purpose is the reason our company exists. It’s our ultimate North Star and the ‘why’ behind all that we do.

Our brand pillars explain how we deliver on our brand promise, as the human-powered payments network, in everything we do

We are your trusted partner

We are a dedicated and diligent team of payments specialists that’s committed to helping you unlock opportunity, create value and make payments happen, together.

We provide the network you need

We open access to a resilient global network spanning 70+ countries that’s built to simplify complex challenges and move money at speed.

We bring certainty through compliance

We were born with compliance at our heart. Licenced by the globally trusted Danish FSA, when we move money you can be confident that it gets to the right place with absolute accuracy, providing unparalleled value to our customers.

We execute with expertise

We complete an industry-leading 99% of payments for customers in the fast-changing financial services, iGaming, corporate and NGO sectors, drawing on 16 years of proven expertise.

Executing Transformation Strategy while Growing Core Business

The last two years have been transformative for Inpay. Guided by 30 strategic initiatives, the business has sought to further professionalise its network, technology and compliance processes. To date, 94% of these initiatives have been successfully completed – a significant achievement and testament to the team's technical and organisational capabilities.

Over the last 12 months Inpay has transformed to a multi-vertical, multi-product and multi-channel payments system, diversifying the client base and creating bespoke products specifically designed to solve the most complex of payments challenges. The business is now positioned to scale via an ambitious roadmap designed to realise commercial growth. Alongside this, we are continuing to refine and improve compliance and maintain consistently high levels of service to customers.

Strategic Initiatives
Throughout this period of transformation, Inpay remains 100 percent focused on providing innovative solutions to complex cross-border payment challenges. The business has prioritised developing products and features which are highly valuable for customers in solving these challenges, at the same time being commercially viable and enabling the company to scale at pace.

Inpay's new state-of-the-art Transaction Screening/Transaction Monitoring (TSTM) system is a tangible example of how innovation is helping to improve the delivery and completion rate of complex payments while adhering to our high standards on compliance. The system has maintained a very high completion rate, currently higher than 99%, whilst simultaneously supporting network partners and providing transparency via a nuanced picture of the embedded risk in transactions.

Similarly, the new data warehouse platform, introduced in the first half of 2023, centralises all reporting processes, delivering clear data insights internally and improving the customer's experience by providing further risk transparency. Overall, the transformation Inpay has undertaken has consistently sought to elevate the value we offer to our customers, while at the same time giving us the ability to control the business more accurately and to react in a timely manner when needed.

Over the last 16 years of operation, recent years have seen a dedicated effort to address all legacy in our platforms, ensuring that our technology is refreshed and ready to deliver on our high ambitions. By the end of 2023, we have completed the move to a full-fledged public cloud infrastructure, revisited all major technology components, and redesigned and reimplemented where needed to preempt any concerns related to flexibility, scalability, and stability of our platforms. With this initiative successfully completed, future needs for core payments functionality as well as features serving the specific needs of different verticals can be implemented within our technical architecture for years to come.

Delivering Value to Customers
Existing customers are benefiting from the considerable expansion and improved redundancy of the Inpay network, allowing us to solve more complex payments challenges across new geographic corridors.

New customer segments are benefiting significantly from improved functionality, such as extended FX capability, which is tailored specifically to customers and partners in the Banking and FinTech sectors. And Corporates and NGOs benefit from additional functionality built in our tech engine, including the 'four eyes principle' on payments, a controlling mechanism used to facilitate delegation of authority and increase transparency.

> "The business is now positioned to scale via an ambitious roadmap designed to realise commercial growth.

A strict focus on risk management and compliance continues to run through the core of our business. This is evidenced by six operating licences in Europe, along with our ongoing application process for a licence in the UK. In 2023 Inpay secured an Electronic Money Institution (EMI) licence from the Danish Financial Supervisory Authority (FSA), becoming the first Scandinavian fintech to combine EMI, Payment Service Provider (PSP), and Third-Party Provider (TPP) licences. The new licence will enable us to issue electronic money, facilitate digital payments and money disbursements, among other payment services and is a landmark for the business.

Mads Bomann Larsen – Chief Strategy & Transformation Officer

Roadmap for the Journey Ahead
Over the next four years the customer focused transformation initiatives will prioritise expanding and enhancing the global payments network, the payment methods, channels, and applications for the market verticals. The business will look to enable new use cases, such as payout to wallets, as well as new value-adding services that help our customers solve what is complex in their market verticals, such as ID verification and affordability checks. We will do this whilst continuing to apply the learnings from existing customers to maximise payment processing quality and completion rate, a key USP and differentiator for the business.

The business has a bold and comprehensive roadmap to accelerate the diversification into new verticals and continuously extend the network, building more redundancy into the network and more network into the engine. The key components of this roadmap comprise:

New corridors - expanding Inpay's products to 60 new countries over the next 12 months, with a total reach of 130+ countries. Many of these will be 'hard-to-reach' countries with high cross-border payment volumes, earmarked by customers. The business will continue to optimise for strong redundancy across the growing network.

Strengthening Core Services and Support – introducing new types of accounting services to customers, facilitated through the EMI licence. Further improving customer support and the value proposition for customers, creating closed loop solutions, will be priorities.

Leaning into new verticals and adding vertical-specific features – rolling out pilots to test products across new customer groups. Payment insights and analytics will be employed to inform and improve decision-making. The business will continue to make it easier for customers to manage payments, facilitated by seamless integration of third-party software.

"For the coming years, a clear roadmap has been laid out, guiding Inpay towards scale and further diversification in selected verticals. It requires us to maintain a consistent focus on extending our network, strengthening our core services to preserve our human-centred support, and adding vertical-specific features."

Fuelling Growth: Transformation, Brand Refresh and the Power of Diversity

Over the last two years, transformational initiatives were put in place, embedding the right processes and roles to facilitate the company's growth ambitions. Central to these is the brand refresh, which also powers our employer brand by cementing people at the core of the business. This brand identity has been instilled into the company culture and is already contributing to attracting the best and most diverse talent.

Achievements Throughout 2023
Attracting and onboarding the best talent to ensure we have the right people and processes in place to support Inpay's ambitious growth plans has been a priority over the last year. For the People team, 2023 was a crucial year for pre- and onboarding new talent, as well as carrying out reviews to ensure that our business reflects our core values and culture.

By adopting a 'Talent to Value' approach, we can simultaneously recruit the best people into the most important roles to create and capture value whilst being agile in response to changing business needs and optimising talent allocation for maximum impact.

In addition, a significant area of focus has been investing in leadership training, with a specific focus on clarifying the scope of roles, responsibilities and individual development. This has been extremely beneficial, helping to further improve job satisfaction amongst our workforce, contributing to our low monthly turnover of 1.8%.

Supporting Organisational Growth
A vital aspect in advancing Inpay's growth and development is the continuous improvement of the organisational structure and processes which enable our business strategy. The Product and Development teams have been uniformly structured to facilitate swift scaling, as small, self-organising and cross-functional teams, with clear ownership of domains for each member. Similarly, the Product team has created roles with clear responsibility for specific customer verticals, allowing them to focus on customer feedback and needs within each vertical as well as being a clear, single point of contact for the Commercial team.

> “In 2023, we transformed challenges into opportunities, welcoming new talent and fortifying our core. The groundwork is set, and our journey forward is powered by the strength of our people

In support of this and as we grow as a business, our goal is to ensure that our workspaces are designed to facilitate close collaboration and cross-team interaction. This approach is applied not only to our Copenhagen headquarters but to our London office (opened in 2018) as well as our upcoming Dubai office, scheduled to open in 2024. We use design thinking and agile principles to make sure that the workspaces meet the changing needs of our teams across the organisation.

The Payments People
We are known as a business that values its employees, as we know they are key to providing an excellent customer experience. Our recent brand refresh naturally reflects this, ensuring that we convey a clear and attractive profile that will help us to attract the right talent. We're a Human Powered Network and our success as a business is contingent on our ability to hire and retain highly skilled people.

Our brand refresh has sharpened our company profile in internal and external communications, particularly in attracting new talent. It guides our onboarding processes and activities, fostering a welcoming sense of connection amongst new hires.

'Who we are' and our brand values are embedded in our business culture. Our foundation clearly aligns with our Nordic values, prioritising trust, innovation, and respect, and we are committed to a culture where transparency, innovation, and accountability are integral. This ensures that every team member's contribution is valued and nurtured towards collective growth.

Anja Ellegaard Dahl – Chief Product & People Officer

Leadership and Company Culture
In 2023, we focused on the extended leadership team and how to support them as key and core drivers of personal growth. We invested in training to provide a cohesive approach to both their leadership language and style. A core element of this was the promotion of 'psychological safety' – as a business, we want employees to be empowered to take interpersonal risks and to feel that they can speak up and raise concerns without the risk of negative repercussions or pressure.

Our high employee satisfaction scores are a testament to our strong and healthy workplace culture. The Organisational Health Index survey tells a compelling story – our score has risen to 74%, a jump from 72% in late 2022. We're proud of being able to enhance our OHI scores while continuously onboarding new talent to our existing group of employees. Employee satisfaction is on the rise, boasting an internal eNPS of 31 at the end of 2023.

Powered by Diversity
Diversity is a major part of what makes Inpay so successful. Building diverse teams has a direct positive impact on our performance as a business, as well as our ability to attract and retain the best people. We are proud to be a signatory of the Danish Centre of Commerce Diversity Pledge, whose framework is embedded across all our operations and where Danish companies pledge to work towards increasing diversity.

Having a global workforce can present challenges, which is why Inpay has invested in physical and virtual workspaces to create welcoming environments where team members can collaborate and thrive. This approach helps us to break down cultural barriers and fosters greater unity.

Additionally, as a business operating in complex and highly regulated sectors across multiple countries, it is vital to find employees with in-depth knowledge of regulatory requirements across a wide range of jurisdictions.

By truly leveraging our diversity as a strength, we have seen a real impact in terms of well-being, but also a significant positive effect on our business. Diverse perspectives and competencies fuel innovation and growth, proving to be a vital asset in our journey.

Building on Responsibility – and Embracing ESG Efforts in the Coming Years

Responsibility is integral to Inpay's business model and founding principles. In 2008, a deadly cyclone hit Myanmar, causing catastrophic destruction, and creating an urgent need for aid and assistance. When sending financial aid to the region, our founder saw how slow, cumbersome and expensive the process was, which is why he founded Inpay that same year to specifically overcome these challenges.

Since then, Inpay has seen significant growth and undergone a transformation as a business, but the vision of making complex cross-border payments smarter, safer, faster and more cost-efficient still guides the business. Our commitment to deliver efficient cross-border payments also represents a promise to build a sustainable financial infrastructure, which connects businesses and communities to opportunities, allowing them to thrive.

On January 1 2024 the new Corporate Sustainability Reporting Directive (CSRD) from the European Union (EU) entered into force, requiring many European companies to report on their ESG efforts in unprecedented detail. The phased introduction means that the annual report for Inpay will not be directly impacted before 2025. Even though the detailed requirement for reporting has still not been issued by the Danish Authorities, the business is actively monitoring how this will influence the regulatory geographies in which Inpay operates and will continue to stay ahead of this curve.

Commitment to the UN SDGs
As part of this commitment to democratise payments, the business continues to work towards several of the UN's Sustainable Development Goals, as presented in the 2022 annual report:

SDG #8 - Decent Work and Economic Growth
This goal focuses on promoting sustained, inclusive, and sustainable economic growth by providing productive employment and decent work for all. The continued expansion of the Inpay network is creating new sustainable financial systems in new geographies around the world. By expanding the network and opening access to payment infrastructure, Inpay not only creates direct employment opportunities but also establishes new, permanent financial pathways, which will encourage and support wider regional economic growth.

SDG #16 - Peace, Justice, and Strong Institutions
Building and securing strong financial institutions is vital to the success and legitimacy of the payments sector, and these rely on good governance. Trust and transparency form the foundation of these institutions, stemming from high levels of compliance and risk management. Inpay stands out by integrating best-in-class risk management and compliance standards thoroughly into every aspect of our processes and transactions.

SDG #17 - Partnerships for the Goals
Over the last year, Inpay has worked with NGO partners as part of the new multi-vertical market model. Customers include the Danish Red Cross, Do Good Movement and parts of the UN through IFAD. The cooperation has opened up new financial corridors for these organisations, saving them time, money and increasing transaction transparency and success rates. As a result of Inpay's cross-border payment solutions, a larger share of the vital funds is reaching those in need and NGOs will remain a strategic area of focus for the business going forward.

Environmental
As an E-Business, which was founded online and has always included remote and flexible job roles, there has always been an inherent focus on limiting the environmental footprint in our operational model. As we have grown, Inpay has become cognisant of its carbon footprint and working to reduce this through the optimisation of both technical hardware, software and server-use. In 2023, we were able to reduce the CPU/power consumption of our servers by an estimated 75% per transaction by optimising our vendor strategy. We are proud of this substantial reduction in CPU/power consumption, which has considerably reduced our carbon footprint as a FinTech company.

As Inpay enters the scaling phase and aims to expand our global presence in the coming years, we acknowledge that travel will be essential for our team. We have a virtual-first policy, which prioritises

virtual meetings whenever possible without compromising our business operation. However, we recognise that certain situations may necessitate air travel. Consequently, we carefully evaluate the need for each trip to ensure it aligns with our commitment to efficiency and sustainability.

Social
Inpay is the human-powered payments network, where we see our people as a differentiator in our service offerings. With over 45 nationalities, we see diversity as a business strength that powers growth and innovation. Recently, our People team committed to the Danish Chamber of Commerce's Diversity Pledge to emphasise this commitment and support diversity across the Danish business community.

Governance
Inpay's foundation is built on a deep sense of responsibility, with compliance and robust financial infrastructure part of the company's DNA. By working closely with regulators, Inpay can deliver secure, accurate and transparent money transfers – and is committed to creating a better payments infrastructure for both the businesses and communities it serves.

The business actively supports sustainable economic growth by providing affordable payment services in regions with geographical and regulatory complexity. We have always prioritised doing it the right way, which is why Inpay is the first Scandinavian fintech business to hold EMI, Payment Service Provider and Third-Party Provider licences simultaneously. The business has also applied for a UK licence.

Foundation for Future ESG Efforts
As part of Inpay's continued growth and the continuing changes in legislation, the business will focus on enhancing its ESG initiatives and how these are reported. In 2024, Inpay will intensify its efforts to further strengthening the tracking and quantification of our ESG footprint, a crucial aspect of our ongoing journey towards maturity. Our focus will centre on the areas where we as a company possess both the opportunity and responsibility for the most significant impact. Particularly, in the social arena, Inpay aims to make a positive contribution by democratising and expanding the availability of secure, accurate and transparent money transfers.

> "The ESG agenda is important to Inpay, and we will closely follow the legislation and implement measures as it evolves

Financial Statements

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements of Inpay Holding A/S and the Parent Company Financial Statements of Inpay Holding A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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, 22 March 2024

Executive Board

Thomas Jul Pfeiffer
Chief Executive Officer

Board of Directors

Jan Ovesen
Chairman

Steen Trondhjem Nielsen

John Korsø Jensen

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 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Inpay Holding A/S for the financial year 1 January - 31 December 2023, 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 ("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.

Hellerup, 22 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Benny Voss
State Authorised Public Accountant
mne15009

Income Statement
Group

1 January – 31 December
DKK thousand

	Note	2023	2022
Revenue	1	447,107	361,761
Other operating income		514	0
Direct expenses		-46,523	-59,137
Other external expenses		-153,779	-105,727
Gross profit		**247,319**	**196,897**
Staff expenses	2,3	-150,557	-135,413
Earnings Before Interest Taxes Depreciation and Amortization		**96,762**	**61,484**
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-6,531	-5,587
Profit/loss before financial income and expenses		**90,231**	**55,897**
Income from investments in subsidiaries	5	0	-12
Financial income	6	7,234	5,411
Financial expenses	7	-6,309	-8,859
Profit/loss before tax		**91,156**	**52,437**
Tax on profit/loss for the year	8	-27,742	-10,075
Net profit/loss for the year	9	**63,414**	**42,362**

Balance Sheet
Group

Assets 31 December
DKK thousand

	Note	2023	2022
Completed development projects		59,584	6,229
Development projects in progress		0	0
Intangible assets	10	**59,584**	**6,229**
Other fixtures and fittings, tools and equipment		529	558
Leasehold improvements		1,812	2,067
Property, plant and equipment	11	**2,341**	**2,625**
Fixed assets		**61,926**	**8,854**
Trade receivables		428	5,027
Receivables from group enterprises		120,266	100,771
Other receivables		6,917	20,079
Corporation tax		0	0
Prepayments	12	6,408	2,796
Receivables		**134,019**	**128,673**
Cash at bank and in hand	13	**493,884**	**428,472**
Current assets		**627,903**	**557,145**
Assets		**689,829**	**565,999**

Liabilities and Equity 31 December
DKK thousand

	Note	2023	2022
Share capital		1,000	1,000
Reserve for development costs		3,086	4,859
Reserve for hedging transactions		-90	-54
Proposed dividend for the year		30,000	0
Retained earnings		55,285	50,071
Equity		**89,281**	**55,876**
Provision for deferred tax	14	1,190	1,550
Provisions		**1,190**	**1,550**
Payables to group enterprises		0	41,987
Long-term debt	15	**0**	**41,987**
Prepayments received from customers		430,144	357,916
Trade payables		14,699	15,836
Payables to group enterprises	15	78,357	48,581
Corporation tax		22,538	8,582
Other payables		53,621	35,671
Short-term debt		**599,359**	**466,586**
Debt		**599,359**	**508,573**
Liabilities and equity		**689,829**	**565,999**
Contingent assets, liabilities and other financial obligations	18		
Related parties	19		
Fee to auditors appointed at the general meeting	20		
Subsequent events	21		

Statement of Changes in Equity
Group

DKK thousand

2023	Share capital	Reserve for development costs	Reserve for hedging transactions	Proposed dividend for the year	Retained earnings	Total
Equity at 1 January	1,000	4,859	-54	0	50,071	55,876
Exchange adjustments	0	0	-36	0	26	-9
Extraordinary dividend paid	0	0	0	0	-30,000	-30,000
Development costs for the year	0	-1,772	0	0	1,772	0
Net profit/loss for the year	0	0	0	30,000	33,415	63,414
Equity at 31 December	**1,000**	**3,086**	**-90**	**30,000**	**55,285**	**89,281**

2022	Share capital	Reserve for development costs	Reserve for hedging transactions	Proposed dividend for the year	Retained earnings	Total
Equity at 1 January	0	8,410	0	0	4,036	12,446
Exchange adjustments	0	0	-54	0	0	-54
Capital increase	1,000	0	0	0	-1,000	0
Other equity movements	0	0	0	0	1,122	1,122
Development costs for the year	0	-3,551	0	0	3,551	0
Net profit/loss for the year	0	0	0	0	42,362	42,362
Equity at 31 December	**1,000**	**4,859**	**-54**	**0**	**50,071**	**55,876**

Other equity movements of DKK thousand 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
Group

1 January - 31 December
DKK thousand

	Note	2023	2022
Result of the year		63,414	42,362
Adjustments	16	33,348	27,226
Change in working capital	17	79,201	24,886
Cash flow from operations before financial items		**175,963**	**94,474**
Financial income		7,234	5,411
Financial expenses		-4,627	-16,963
Cash flows from ordinary activities		**178,570**	**82,922**
Corporation tax paid		-15,833	-475
Cash flows from operating activities		**162,737**	**82,447**
Acquisition of subsidiary		-33,384	0
Purchase of property, plant and equipment		-528	-1,586
Fixed asset investments made etc.		0	-12
Cash flows from investing activities		**-33,913**	**-1,598**
Repayment of loans from credit institutions		0	-1,251
Repayment of payables to group enterprises		-33,413	-53,378
Dividend paid		-30,000	0
Cash flows from financing activities		**-63,413**	**-54,629**
Change in cash and cash equivalents		65,412	26,220
Cash and cash equivalents at 1 January		428,472	402,252
Cash and cash equivalents at 31 December		**493,884**	**428,472**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		493,884	428,472
Cash and cash equivalents at 31 December		**493,884**	**428,472**

Notes to the Financial Statements
Group

DKK thousand

	2023	2022
1. Revenue		
Business segments		
Cross-border payments	395,342	315,754
Other	51,765	46,007
	447,107	**361,761**

	2023	2022
2. Staff Expenses		
Wages and salaries	132,135	128,649
Pensions	5,152	930
Other social security expenses	3,706	-7
Other staff expenses	9,564	5,841
	150,557	**135,413**
Including remuneration to the Executive Board and Board of Directors	4,227	5,853
Average number of employees	**151**	**117**

	2023	2022
3. Special items		
Employee bonuses	0	18,227
Impairment of fixed assets	0	2,280
Write-down of current assets, that exceed normal write-downs	0	0
	0	**20,507**

	2023	2022
4. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	5,719	2,273
Depreciation of property, plant and equipment	812	1,034
Impairment of intangible assets	0	2,280
	6,531	**5,587**

	2023	2022
5. Income from investments in subsidiaries		
Net loss from disposal of entities	0	-12
	0	**-12**

	2023	2022
6. Financial income		
Interest received from group enterprises	5,157	5,234
Other financial income	289	177
Exchange adjustments	1,788	0
	7,234	**5,411**

7. Financial expenses

	2023	2022
Interest paid to group enterprises	4,538	7,279
Other financial expenses	1,729	494
Exchange adjustments, expenses	42	1,086
	6,309	**8,859**

	2023	2022
8. Tax on profit/loss for the year		
Current tax for the year	25,036	9,704
Deferred tax for the year	-360	371
Adjustment of tax concerning previous years	3,066	0
	27,742	**10,075**

	2023	2022
9. Profit allocation		
Proposed dividend for the year	30,000	0
Retained earnings	33,415	42,362
	63,415	**42,362**

10. Intangible fixed assets	Completed development projects
Cost at 1 January	43,324
Additions for the year	59,074
Cost at 31 December	102,398
Impairment losses and amortisation at 1 January	37,095
Amortisation for the year	5,719
Impairment losses and amortisation at 31 December	42,814
Carrying amount at 31 December	**59,584**

Intangible assets primarily consists of the SaaS peer-to-peer platform based on real time bank-account to bank-account transfers between individuals.

Further, intangible assets consist of the App “PostalPay” as well as any underlying software etc. The Group’s strategy towards PostalPay has been reassessed during 2023 as it is not expected to be offered as a separate payment service going forward. Instead, the PostalPay framework and technology will be utilised to further develop the offerings under the Inpay brand. Based on this, Management has not identified any impairment needs at 31 December 2023.

11. Property, plant and equipment	Other fixtures and equipment	Leasehold Improvements
Cost at 1 January	2,177	3,180
Additions for the year	274	254
Cost at 31 December	2,451	3,434
Impairment losses and depreciation at 1 January	1,619	1,113
Depreciation for the year	303	509
Impairment losses and depreciation at 31 December	1,922	1,622
Carrying amount at 31 December	**529**	**1,812**

DKK thousand

12. Prepayments

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

13. Cash at bank and in hands

The Company's total cash at bank and in hand amounts to DKK 493,884k (2022: DKK 428,472k). DKK 11,217k (2022: DKK 16,819) of this amount are the Company's own bank deposits, and the remaining DKK 482,667k (2022: DKK 411,653k) relates to separate customer accounts with external banks and balances with third parties.

Customer accounts are seperated from the Company's funds by placement in escrow accounts with credit institutions. Customer accounts are used to cover prepayments from customers, DKK 430,114k at December 2023 (2022: DKK 357,916k), and any remaining overhead is also at the disposal of the Company.

14. Provision for deferred tax

	2023	2022
Deferred tax liabilities at 1 January	1,550	1,179
Amounts recognised in the income statement for the year	-360	371
Deferred tax liabilities at 31 December	**1,190**	**1,550**

15. 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:

	2023	2022
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	0	41,987
Long-term part	0	41,987
Within 1 year	0	0
Other short-term debt to group enterprises	78,357	48,581
Short-term part	78,357	48,581
	78,357	**90,568**

16. Cash flow statement - Adjustments

	2023	2022
Financial income	-7,234	-5,411
Financial expenses	6,310	16,963
Depreciation, amortisation and impairment losses, including losses and gains on sales	6,531	5,587
Income from investments in subsidiaries	0	12
Tax on profit/loss for the year	27,742	10,075
	33,348	**27,226**

17. Cash flow statement - Changes in Working Capital

	2023	2022
Change in receivables	3,809	-5,319
Change in trade payables, etc.	75,392	30,205
	79,201	**24,886**

18. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2023	2022
Lease obligations under operating leases. Total future lease payments: Within 1 year	3,237	6,131
	3,237	**6,131**

Other contingent liabilities
The group companies are jointly and severally liable for tax on the jointly taxed incomes 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 2023.

19. Related parties and disclosure of consolidated financial statements

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

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

Name	Place of registered office
Inpay TopCo ApS	Copenhagen

20. Fee to auditors appointed at the general meeting

PricewatehouseCoopers Statsautoriseret Revisionspartnerselskab

	2023	2022
Audit fee	789	429
Other assurance engagements	187	62
Tax advisory services	510	798
Non-audit services	5,611	2,223
	7,097	**3,512**

21. Subsequent events

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

Income Statement
Parent company

1 January – 31 December
DKK thousand

	Note	2023	2022 2 months
Revenue		0	0
Other operating income		0	0
Direct expenses		0	0
Other external expenses		-777	-15
Gross loss		**-777**	**-15**
Staff expenses		-41	0
Profit/loss before financial income and expenses		**-819**	**-15**
Income from investments in subsidiaries	22	-36,528	-1,645
Financial expenses	23	-2,492	-4
Profit/loss before tax		**-39,838**	**-1,664**
Tax on profit/loss for the year	24	728	4
Net profit/loss for the year	25	**-39,110**	**-1,660**

Balance Sheet
Parent company

Assets 31 December
DKK thousand

	Note	2023	2022
Investments in subsidiaries	26	973,788	940,500
Fixed asset investments		**973,788**	**940,500**
Fixed assets		**973,788**	**940,500**
Receivables from group enterprises		4	0
Other receivables		35	0
Corporation tax		728	4
Receivables		**768**	**4**
Current assets		**768**	**4**
Assets		**974,556**	**940,504**

Liabilities and Equity 31 December
DKK thousand

	Note	2023	2022
Share capital		1,000	1,000
Proposed dividend for the year		30,000	0
Retained earnings		838,730	937,840
Equity		**869,730**	**938,840**
Provision for negative equity		23,528	0
Provisions		**23,528**	**0**
Trade payables		106	15
Payables to group enterprises	27	81,156	1,649
Other payables		35	0
Short-term debt		**81,298**	**1,664**
Debt		**81,298**	**1,664**
Liabilities and equity		**974,556**	**940,504**
Contingent assets, liabilites and other financial obligations	28		
Related parties	29		

Statement of Changes in Equity
Parent company

DKK thousand

2023	Share capital	Proposed dividend for the year	Retained earnings	Total
Equity at 1 January	1,000	0	937,840	938,840
Extraordinary dividend paid	0	0	-30,000	-30,000
Net profit/loss for the year	0	30,000	-69,110	-39,110
Equity at 31 December	**1,000**	**30,000**	**838,730**	**869,730**

2022				
Equity at 17 November	0	0	0	0
Capital increase	1,000	0	939,500	940,500
Net profit/loss for the year	0	0	-1,660	-1,660
Equity at 31 December	**1,000**	0	**937,840**	**938,840**

Notes to the Financial Statements
Parent company

DKK thousand

	2023	2022 2 months
22. Income from investments in subsidiaries		
Net loss from disposal of entities	0	-1,645
Impairment of investments in subsidiaries	-43,000	0
Dividend received	30,000	0
Provision for negative equity	-23,528	0
	-36,528	**-1,645**
23. Financial expenses		
Interest paid to group enterprises	2,465	4
Exchange adjustments, expenses	26	0
	2,492	**4**
24. Income tax expense		
Current tax for the year	-728	-4
	-728	**-4**
25. Profit allocation		
Paid extraordinary dividend	30,000	0
Proposed dividend for the year	30,000	0
Retained earnings	-99,110	-1,660
	-39,110	**-1,660**
26. Investments in subsidiaries		
Cost at 1 January	940,500	940,500
Additions for the year	75,430	0
Cost at 31 December	1,015,930	940,500
Impairment losses and depreciation at 1 January	0	0
Capital contributions for the year	0	0
Impairment loses for the year	43,000	0
Impairment losses and depreciation at 31 December	43,000	0
Carrying amount at 31 December	**972,930**	**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%	161,823	99,117
Inpay Services Aps	Copenhagen	4,000	100%	35,088	9,519
Eurogiro A/S	Copenhagen	2,508	100%	-22,013	-28,420
Clouditorium ApS	Copenhagen	40	100%	-1,515	-2,912
Postalpay Technologies ApS	Copenhagen	40	100%	-9,239	-12,234
Inpay Services UK Ltd.	London	1 GBP	100%	2,803	1,461
Robot Go Pte. Ltd.	Singapore	1 EUR	100%	31,526	-1,797

27. 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:

	2023	2022
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	0	0
Long-term part	0	0
Within 1 year	0	0
Other short-term debt to group enterprises	81,156	1,649
Short-term part	81,156	1,649
	81,156	**1,649**

28. Contingent assets, liabilities and other financial obligations

Provision for negative equity
Inpay Holding A/S issued a letter of support towards its subsidiaries Eurogiro A/S and Clouditorium ApS. As these entities have a negative equity, a corresponding provision has been provided. Further, a letter of support towards the subsidiary RobotGo has also been issued. The letters of support are valid until 31 March 2025.

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.

29. Related parties and disclosure of consolidated financial statements

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

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

Name	Place of registered office
Inpay TopCo ApS	Copenhagen

Accounting Policies

The Annual Report of Inpay Holding A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK thousand.

Change in Accounting Policy
In 2023, we made a strategic decision to modify the classification of expenses related to currency regulations on network balances. Previously categorised as financial expenses, these costs are now recognised as direct costs. As an integral part of Inpay's business model, we actively manage funds in multiple currencies. Consequently, the corresponding currency-related expenses have been assessed as directly linked to our core activities and are now considered part of our direct costs.

In our 2023 annual report, the comparison figures for 2022 reflect the impact of this decision. Specifically, DKK 8.1 million has been reclassified from financial expenses to direct costs. While this adjustment affects our EBITDA, it has no impact on our balance sheet.

It's important to note that this reclassification is material only for the year 2022, and no similar adjustments have been made to the comparison figures for the period from 2021 to 2019.

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.

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 payment services, 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, currency gains and losses, 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, write-down 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 received from customers comprise transaction payables to the

Group's customers (merchants) relating to normal transactions with those, in which they transfer funds to Inpay in order for Inpay to carry out transactions on behalf of the merchants. These payables are measured at amortised cost, usually corresponding to nominal value.

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
Net revenue retention rate: Revenue in year (t) from customers at the end of (t-1) / revenue from those same customers in (t-1))

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