

# Annual Report 2022/2023

Report on the Business Activities of the Company and the State of Its Assets

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## CONTENTS

<b>BASIC COMPANY INFORMATION.....</b>	<b>3</b>
IDENTIFICATION DATA.....	3
MEMBERS OF COMPANY'S BODIES.....	3
BUSINESS ACTIVITIES.....	3
ORGANISATIONAL UNIT ABROAD.....	4
<b>FINANCIAL INDICATORS OF THE COMPANY.....</b>	<b>4</b>
AGGREGATE INDICATORS (IN EUR).....	4
ASSETS, LIABILITIES AND EQUITY AS AT 30 SEPTEMBER (IN EUR).....	5
REVENUES AND COSTS (IN EUR).....	6
FUNDS IN CLIENT ACCOUNTS (IN EUR).....	7
<b>GENERAL PRINCIPLES.....</b>	<b>7</b>
ACCOUNTING PRINCIPLES AND PROCEDURES.....	7
INCOME TAX.....	7
<b>COMPANY SALES MANAGEMENT PLAN IN THE FISCAL YEAR 2023/2024 AND THE EXPECTED DEVELOPMENT OF ASSETS (ARTICLE XII(1)(K) OF THE ARTICLES OF ASSOCIATION).....</b>	<b>7</b>
<b>COMPANY BUSINESS PHILOSOPHY.....</b>	<b>8</b>
<b>PLATFORMS FOR THE PROVISION OF SERVICES.....</b>	<b>8</b>
ACCEPTANCE OF PAYMENTS FROM CUSTOMERS.....	8
PAYMENT ACCOUNTS.....	9
ATM TERMINALS.....	9
<b>OTHER INFORMATION.....</b>	<b>9</b>
RESEARCH AND DEVELOPMENT COSTS.....	9
OWNERSHIP OF SHARES, TEMPORARY STOCK, AND BUSINESS INTERESTS.....	9
PLANNED INVESTMENTS.....	10
FINANCIAL ASSETS MEASURED AT FAIR VALUE.....	10
SIGNIFICANT RISKS AND UNCERTAINTIES.....	10
IMPACT OF THE COMPANY'S ACTIVITIES ON ENVIRONMENT AND EMPLOYMENT.....	10
PROPOSED DISTRIBUTION OF PROFIT.....	10
EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS.....	11
EXPECTED FUTURE DEVELOPMENT OF THE COMPANY.....	11

### Appendices:

Separate Financial Statements for the year ended 30 September 2023, prepared in accordance with IFRS as adopted by the European Union  
Independent Auditor's Report

## BASIC COMPANY INFORMATION

### Identification data

Business name:	Trust Pay, a.s.
Registered office:	Za kasárňou 315/1, Bratislava 831 03
Company ID:	36 865 800
Incorporation date:	3 December 2009
Legal form:	Joint stock company
Registered share capital:	EUR 350,000 (350 registered common shares in certificated form with nominal value of EUR 1,000 each)

### Members of Company's bodies

Body	Position	Name
	Chairman	Igor Rintel
Board of Directors	Member	David Rintel
	Member	Vladimír Kajaba
	Member	Jaroslav Novák
Supervisory Board	Member	Alfred Augustin
	Member	Petra Rintelová

When the statutory body acts on behalf of the payment institution, in order for the written legal acts made on behalf of the payment institution to be valid, the signatures of at least two members of the payment institution's statutory body are required.

### Business activities

Trust Pay, a.s. is a licensed payment institution specialising in efficient payment solutions. The Company offers card payments, instant payments and ATM transactions, as well as numerous alternative payment methods. It is providing services in compliance with the Directive (EU) 2015/2366 of the European Parliament and of the Council on payment services in the internal market and the Act No. 492/2009 Coll. on Payment Services. Trust Pay, a.s. is a member of the international SWIFT network, a participant to SEPA SCT, SEPA SDD and a member of VISA and Mastercard.

On 21 December 2009, the National Bank of Slovakia, Department of Financial Market Supervision, as the authority supervising activities of payment institutions pursuant to provisions of Section 64(1) of the Act No. 492/2009 Coll. on Payment Services as amended, competent to act and decide in the first instance pursuant to the provisions of Section 29(1) of the Act No. 747/2004 Coll. on Supervision over Financial Market as amended, granted a license to Trust Pay, a.s. to provide payment services pursuant to the Act No. 492/2009 Coll. on Payment Services as amended, Section 2(1)(c) and (g), which was subsequently (on 12 July 2016) extended on the basis of licence granted by the National Bank of Slovakia, to include services under provisions of Section 2(1)(d). By an NBS resolution dated 19 December 2022, the licence for the provision of payment services was extended to include a payment initiation service in accordance with the provisions of Section 2(1)(g) of Act No. 492/2009 Coll. on Payment Services and on Amendments to Certain Acts, as amended. The resolution became valid and effective on 20 December 2022. The extended subject of activity was entered in the Commercial register on 2.2.2023.

Provision of payment services:

a) the execution of payment transactions including transfers of funds from or to a payment account held with the payment service provider, by means of:

1. payment,
2. payment card or other means of payment,
3. direct debit,

b) issuing and acceptance of payment cards or other means of payment

c) execution of payment transactions on credit granted to a payment service user

1. in the form of an authorised overdraft on a payment account, specifically by means of:

- 1a. payment,
- 1b. payment card or other means of payment,
- 1c. direct debit,

2. in the form of a credit line by means of a payment card or other means of payment;

d) payment initiation service.

Other activities include the activities of business, organisational, and economic consultants.

On 15 October 2021, Trust Pay, a.s. established IBANIZE LTD based in Cyprus, which acts as the Company's payment services agent from 1 March 2022. This company has not yet conducted any activities.

### Organisational unit abroad

Trust Pay, a.s. does not have an organisational unit abroad.

## FINANCIAL INDICATORS OF THE COMPANY

Data as at 30 September 2022 are stated as comparative data of prior periods for assets, liabilities, equity, costs, and revenues.

In the Financial Statements for the year ended 30 September 2023, the Company has changed the presentation of interest income from bank accounts and term deposits as well as bank fees charged by banks. The change was made to improve the presentation of Financial Statements and to provide users with clearer and more relevant information. Items were reclassified into more appropriate categories to better reflect the economic substance of the transactions.

For comparability with the current accounting period, the Company has also reclassified comparable cost and revenues for the year 2021/2022. The indicators presented below are after considering the change in presentation.

### Aggregate indicators (in EUR)

	30 September 2023	30 September 2022
<b>Payment transactions income</b>	35,242,740	30,401,817
<b>Payment transaction costs</b>	(22,143,544)	(18,529,800)

General administrative expenses	(4,151,585)	(3,737,388)
Other operating income/expenses (+/-)	429,568	77,564
OPERATING PROFIT (LOSS)	<b>9,377,179</b>	<b>8,212,193</b>
Interest income	9,035	632
Interest expense	-	-
Other financial income/(expenses)	4,090,183	4,755,781
PROFIT BEFORE TAX	<b>13,476,397</b>	<b>12,968,606</b>
Income tax	(2,819,938)	(2,735,185)
Deferred tax	(14,504)	(1,058)
NET PROFIT/(LOSS) AFTER INCOME TAX	<b>10,641,955</b>	<b>10,232,363</b>

Significant changes in profit from financial activities were caused mainly by fluctuations of foreign exchange rates.

### Assets, Liabilities and Equity as at 30 September (in EUR)

ASSETS	30 September 2023		30 September 2022	
Total non-current assets	1,657,589	11%	1,546,970	10%
Current assets	13,051,904	89%	13,262,476	90%
<b>TOTAL ASSETS</b>	<b>14,709,493</b>	<b>100%</b>	<b>14,809,446</b>	<b>100%</b>
EQUITY AND LIABILITIES	30 September 2023		30 September 2022	
Total equity	12,799,919	87%	12,290,046	83%
Total non-current liabilities	120,528	1%	75,225	1%
Total current liabilities	1,789,046	12%	2,444,175	16%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,709,493</b>	<b>100%</b>	<b>14,809,446</b>	<b>100%</b>

A significant portion of non-current assets is comprised of non-current intangible assets and financial assets measured at fair value through other comprehensive income (FV OCI), i.e., Series C of VISA Inc. shares. In July 2022, the conversion of a part (46.60%) of the value of the VISA Series C Preferred Shares into VISA Series A Preferred Shares was completed. The VISA Series A Preferred Shares were recognized as financial assets measured at fair value through profit or loss during the year and were sold in August 2022.

The increase in non-current assets is due to the positive revaluation of Preferred Shares of VISA Inc. Series C. During the year, the Company acquired a passenger car. On the other hand, the increase was offset by the decrease in non-current intangible assets due to the gradual reduction in value (depreciation) of internally developed software.

The decrease in current assets is attributed to a slight decline in the balance of cash on bank accounts, trade and other receivables. As of 30 September 2023, there was an increase in the accruals on the asset side, also due to the recognition of accrued interest from short-term term deposits.

During FY 2022/2023, there was no change in the share capital which remains at EUR 350,000.

The increase in equity refers mainly to the economic result of 2022/2023. The net profit of EUR 10,232,363 recognised in FY 2021/2022 was paid out in the form of dividends to the Company's shareholders.

The decrease in current liabilities is caused mainly by the decrease in current tax liabilities.

	30 September 2023	30 September 2022
<b>Working capital ratio</b>	<b>13%</b>	<b>17%</b>
<b>Liquidity Coverage Ratio</b>	<b>730%</b>	<b>543%</b>
<b>Cash ratio</b>	<b>704%</b>	<b>527%</b>

Explanatory notes:

*Working capital ratio = Liabilities / Assets*

*Liquidity coverage ratio = Current assets / Current liabilities*

*Cash ratio = Cash and cash equivalents / Current liabilities*

## Revenues and Costs (in EUR)

	30 September 2023		30 September 2022	
Payment transactions income	35,242,740	80%	30,401,817	78%
Operating income	982,399	2%	460,362	1%
Financial income	7,898,888	18%	8,112,112	21%
		<b>100%</b>		
<b>Total revenues</b>	<b>44,124,027</b>		<b>38,974,291</b>	<b>100%</b>
Payment transaction costs	(22,143,544)	72%	(18,529,800)	72%
General administrative expenses, of which	(4,151,585)	14%	(3,737,388)	14%
<i>Personnel expenses</i>	(2,646,854)		(2,293,397)	
<i>IT expenses</i>	(651,699)		(568,917)	
<i>Rent, company headquarters, rental services</i>	(225,121)		(205,271)	
<i>Advertising, representation, fairs and exhibitions costs</i>	(157,179)		(211,493)	
<i>Other administrative expenses</i>	(470,732)		(458,310)	
Other operating expenses	(552,831)	2%	(382,798)	1%
Financial expenses	(3,799,670)	12%	(3,355,699)	13%
<b>Total costs</b>	<b>(30,647,630)</b>	<b>100%</b>	<b>(26,005,685)</b>	<b>100%</b>
<b>Profit/(Loss) before tax</b>	<b>13,476,397</b>		<b>12,968,606</b>	

The Company's overall strategy has not undergone any major changes comparing to FY 2021/2022. The Company keeps establishing business relationships with new clients on a regular basis, and expanding the scope of services for existing clients, which has contributed to 16% increase in revenues from payment transactions compared to the prior period. The slower increase in revenues compared to the increase in costs was primarily caused by different client structure compared to the previous year. The Company intends to monitor the efficiency of contracts in the upcoming period as well, to achieve the required revenues from payment transactions with regard to the number of its clients. The increase in revenue was also influenced by the structure of the portfolio of provided payment services and the diversity of payment methods.

The Company recorded a 20% increase in costs of payment transaction due to the higher amounts and transfers of more financial funds. This also results in significant changes in financial income and financial expenses. A significant portion of the financial income and financial expenses is represented

by foreign exchange gains and foreign exchange losses. In FY 2022/2023 the Company reported a positive result with regard to revaluation of foreign currency.

### Funds in client accounts (in EUR)

The Company manages funds of its clients, which do not, at any time, become the ownership of Trust Pay, a.s., and the Company does not bear any risk associated with exchange rate fluctuations. Any losses or gains resulting from the above fluctuations are fully borne by the client.

	30 September 2023	30 September 2022
Closing balance in client's accounts	118,671,394	125,748,541
Funds in transit	811,219	(10,552,079)
<b>Liabilities to clients</b>	<b>119,482,613</b>	<b>115,196,462</b>

## GENERAL PRINCIPLES

### Accounting principles and procedures

1. The Company applies accounting policies in accordance with the International Financial Reporting Standards as approved by the European Union.
2. The Company has prepared the Financial Statements under the going concern assumption, and until the date of its submission, there were no other events that would result in change the assumption.
3. The Company's accounting is kept in compliance with the accrual principle. All expenses and income related to the accounting period, irrespective of the date of their payment, are taken as the basis.
4. The Company applies the prudence principle and the Financial Statements express the risks, impairments and losses related to the assets and liabilities known as at the date of the Financial Statements.
5. The valuation is based on historical cost, except for certain financial instruments.
6. Assets and liabilities in foreign currency are converted to EUR using the exchange rate announced by the ECB.
7. Funds received by Trust Pay, a.s. from the clients are, at all times, owned by the clients. Therefore, the clients' funds are kept separately and under no circumstances becomes the Company's property; no exchange rate differences are incurred and no related risks are borne by the Company as a result of keeping records of these funds.

### Income Tax

The corporate income tax rate for FY 2022/2023 is 21%. The Company is not subject to any exemptions. The deferred income tax was determined using the expected tax rate for the following period, i.e., 21% or 19% for items subject to withholding tax.

Withholding tax applies, for example, to interest from term deposits realised in Slovakia, which are subject to withholding tax upon payment in Slovakia. In the case of withholding tax from interest deducted by the payer, the tax liability is considered settled.

## COMPANY SALES MANAGEMENT PLAN IN THE FISCAL YEAR 2023/2024 AND THE EXPECTED DEVELOPMENT OF ASSETS (Article XII(1)(k) of the Articles of Association)

## COMPANY BUSINESS PHILOSOPHY

The business philosophy of Trust Pay, a.s. is to facilitate the transfer of funds for its corporate clients in order to speed up and simplify the entire process at reduced costs using modern and innovative technologies.

The Company aims to provide its clients with as many payment services as possible in one place, which it frequently reviews according to the needs of their individual clients or on the basis of market development. Trust Pay, a.s. develops its products and constantly optimises the technical features and functionalities of the provided payment services so that it can provide services to its clients as efficiently and with the highest degree of automation as possible.

As part of the Company business philosophy, it should be mentioned that Trust Pay, a.s. applies an individual approach and maintains active and regular communication with the clients with higher transaction volumes or with clients that are otherwise important to the Company; on the other hand, when serving small and medium-sized enterprises, the Company introduces technologies that allow for the greatest possible level of automation in the establishment of the business relationship, the setup following go-live of services and the subsequent provision of services to these clients.

## PLATFORMS FOR THE PROVISION OF SERVICES

### Acceptance of payments from customers

Trust Pay, a.s. currently provides several payment methods for its clients, i.e. online merchants, to accept payments from their customers for goods or services provided:

#### Card payments

Trust Pay, a.s. enables the acceptance of VISA, Mastercard and Maestro payments. The TrustPay payment gateway is available to merchants throughout the European Economic Area and meets the requirements of the PCI DSS level 1 certification, which provides the highest level of data security for their customers.

Trust Pay, a.s. offers several functionalities for card payments such as:

- Recurring payments processing
- Processing of the so-called card on file or quick deposit payments
- Option for MOTO transactions
- Full support for 3D Secure authentication
- The MultiCurrency service - processing of payments in any currency and making of payments in any supported settlement currency

#### Local Payment Methods

In addition to the standard acceptance of payments via payment cards, Trust Pay, a.s. offers a wide range of local payment methods. The Company regularly expands the spectrum of alternative payment methods provided to its clients.

Local payment methods primarily include instant payments, SEPA direct debits, Giropay, EPS, iDeal, Blik, Bancontact, MyBank, MBWay, Multibanco, PayPal, and many other local payment methods, as well as BNPL (Buy Now, Pay Later) payment methods.

Instant payments are an important alternative payment method that allows you to receive money in real time from customers to your payment accounts.



With one integration, merchants obtain “buttons” of Slovak and Czech banks allowing them to quickly and easily collect funds from customers. When making online payments, customers can choose from a list of supported banks from which to send money to merchants.

SEPA direct debit allows merchants to accept payments from their customers using yet another alternative payment method. After the customer signs the electronic mandate at the TrustPay payment website, the merchant is given the opportunity to debit the customer’s bank account once or repeatedly based on the details agreed in the mandate. This alternative payment method allows merchants to efficiently collect recurring payments from their customers.

## Payment Accounts

Trust Pay, a.s. offers its clients the establishment of TrustPay payment accounts, which serve as a complete alternative to traditional bank accounts. These payment accounts have their own IBAN number, through which merchants can receive bank payments from around the world in supported currencies.

Merchants also gain access to TrustPay Internet Banking, which includes functionalities that allow them to fully manage their payment accounts and related transactions. It also enables them to submit payment orders.

Trust Pay, a.s. offered its clients the issuance of a prepaid Mastercard payment card linked to their TrustPay payment account. During the first and second quarters of the financial year 2023/2024, the company discontinued this service.

Trust Pay, a.s. does not issue electronic money to payment service users but acts as a distributor of electronic money for another electronic money institution.

## ATM terminals

Trust Pay, a.s. offers cash withdrawals and other payment card transactions through ATM terminals (cash dispensers) throughout the European Economic Area. Through its business partners, it currently provides its services to customers in Slovakia, Hungary, and the Czech Republic.

## OTHER INFORMATION

### Research and development costs

In 2022/2023, the Company spent a total of EUR 21,500 (2021/2022: EUR 30,935) on research and development of two significant projects, recognised as an expense in that period. These expenses related to the research phases of the two projects that were brought into use during 2022/2023 (2021/2022). At the same time, various minor functionalities of existing products have been implemented.

As a part of its IT activities, the Company develops software for its internal use. During 2022/2023, some projects were put into use, and the costs of this SW in 2022/2023 amounted to EUR 154,080 (2021/2022: EUR 393,004). The total additions to the internally developed SW in 2022/2023 amounted to EUR 154,080 (2021/2022: EUR 393,004).

### Ownership of shares, temporary stock, and business interests

In the accounting period ended 30 September 2023, the Company did not acquire any own shares and temporary stock.

## Planned investments

The Company does not plan any significant investments for the next financial year.

## Financial assets measured at fair value

As at 30 September 2023, the Company reports an equity interest in VISA Inc. in the form of Series C preferred shares with fair value of EUR 809 thousand (2022: 682 thousand). The fair value of the VISA Inc. series C preferred shares was determined based on the market value of the common shares adjusted for the effect of restrictions associated with holding of the preferred shares.

In July 2022, a part (46.60%) of the value of the Series C VISA preferred shares was converted into Series A VISA preferred shares. The measurement at fair value was derived from the quoted prices of the Class A Common Shares using a fixed conversion ratio.

Throughout the year, the Series A VISA preferred shares were recognised as financial assets measured at fair value through profit or loss and was sold in August 2022. Due to normal changes in the quoted prices of Class A Common Shares affecting the fair value of the shares held by the Company, a loss of EUR 18,747 was recognised in 2021/2022.

The Company expects further conversion during the year 2023/2024.

## Significant risks and uncertainties

The Company manages its capital so as to ensure the continuity of its business operations. Funds received by Trust Pay, a.s. are continuously held by its clients, who fully bear the foreign exchange risks arising from transactions in foreign currencies. The money received by the Company can be invested in low-risk and short-term commercial bank products. In December 2022, the Company started realising short-term low risk 1 month EUR deposits at a pre-determined fixed interest rate. In the event of a need for liquid funds, the bank can be requested to terminate the deposit and breach maturity period.

Currency risk to the Company is represented by the possibility of loss arising from adverse changes in foreign currency exchange rates pertaining to financial assets, receivables and liabilities denominated in foreign currencies.

## Impact of the Company's activities on environment and employment

Due to the nature of the Company's operations, it does not negatively affect the environment in any way.

The Company has 84 employees as at 30 September 2023 (82 employees as at 30 September 2022), and it is not expected to significantly affect future employment in the region.

## Proposed distribution of profit

The economic result for the current accounting period is an after-tax profit of EUR 10,641,955. After the end of the accounting period, the Company's Board of Directors proposed retaining part of the profit amounting to EUR 300,000 as retained earnings, and distributing part of the profit as dividends to shareholders. This proposal was approved by the General Meeting.

## Events after the date of the Financial Statements

In light of Russia's ongoing invasion of Ukraine, sanctions against Russia and the suspension of Visa and Mastercard's activities in Russia remain in place. Trust Pay, a.s. took action immediately following the invasion to bring its operations into compliance with these measures and applicable sanctions. Although Trust Pay, a.s. does not operate in areas directly affected by these ongoing events, it has implemented systematic restrictions and other sanctions-related controls to help prevent and detect prohibited activities.

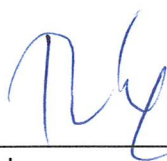
The war in Ukraine and the economic sanctions against the Russian Federation do not have the capacity to significantly affect the economic activity of Trust Pay, a.s. as it has never actively operated in these countries.

In the period between the date of the Financial Statements (30.9.2023) and the date of their preparation and authorisation for issue, the distribution of retained earnings and the payment of dividends were approved. This concerned the retained earnings from the financial years 2016/2017 and 2017/2018, and the transferred cumulative gain on derecognition of financial assets measured at FVOCI to retained earnings from financial year 2021/2022.

As at the date of this Annual Report, there were no other material events that would require a modification of the Financial Statements or additional recognition in the separate Financial Statements prepared as at 30 September 2023.

## Expected future development of the Company

The Company is striving to adapt to the current situation in Slovakia and worldwide, adjusting its service offering to serve the growing demand in the payment services market. It is also optimising its operational processes to ensure flexibility in responding to changing market conditions, maintaining compliance with the requirements of regulatory authorities, and delivering high-quality service to its customers. Despite these efforts, the management is unable to accurately predict the future development of the market situation and therefore also the future development of the Company's economic result. The development of the Company's economic result will be influenced by global events and financial market developments in the coming months. Other factors that are challenging to predict include inflationary trends and shifts in consumer behavior. The war in Ukraine and the economic sanctions against the Russian Federation do not have the capacity to significantly affect the economic activity of Trust Pay, a.s. as it has never actively operated in these countries.



Igor Rintel  
Chairman of the Board of Trust Pay, a.s.



David Rintel  
Member of the Board of Trust Pay, a.s.

