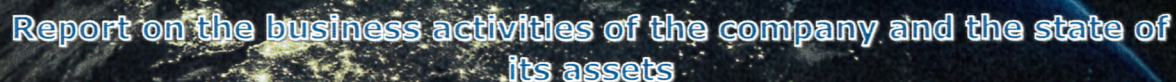




*TrustPay*



# ANNUAL REPORT 2020/2021



Report on the business activities of the company and the state of  
its assets



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## BASIC COMPANY INFORMATION

### Identification data

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

### Members of company bodies

Body	Position	Name
Board of Directors	Chairman	Igor Rintel
	Member	David Rintel
	Member	Vladimír Kajaba
Supervisory Board	Member	Jaroslav Novák
	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 bank transfers, processing of POS and ATM transactions, as well as numerous alternative payment methods. It is providing services in compliance with the Regulation (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, MasterCard, and UnionPay.

On 21 December, 2009, the National Bank of Slovakia, Department of Financial Market Supervision, as an authority supervising the activities of payment institutions pursuant to the 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 licence to Trust Pay, a.s. to provide payment services pursuant to the Act No. 492/2009 Coll. on Payment Services, Section 2(1)(c) and (g), which was subsequently (on 12 July, 2016) extended on the basis of a permit by the National Bank of Slovakia, to include services pursuant to the provisions of Section 2(1)(d)

a) handling of payment transactions including transfer of funds to and from payment accounts kept by the payment service provider, by means of:

1. payment,
2. payment card or other payment tool,
3. direct debit,

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

c) handling of payment transactions from a credit provided to a payment service user

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

- payment
- payment card or other payment tool,
- direct debit,

2. in the form of credit line through a payment card or other payment tool.

Extension of the scope of business activities was entered into the Business Register on 18 August, 2016.



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

## Organisational unit abroad

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

## FINANCIAL INDICATORS OF THE COMPANY

Data as of 30 September, 2019 and 30 September, 2020 are stated for comparison of the previous and current fiscal periods in terms of assets, liabilities, equity, costs and revenues.

### Aggregate indicators (in EUR)

	30 September, 2021	30 September, 2020	30 September, 2019
<b>Revenues from payment transactions</b>	22,330,169	14,536,706	10,847,880
<b>Costs of payment transactions</b>	(12,230,885)	(9,363,935)	(6,407,405)
<b>General administrative costs</b>	(3,015,156)	(2,261,246)	(2,218,124)
<b>Other operating revenues/costs (+/-)</b>	(653,037)	(529,048)	(294,110)
OPERATING PROFIT (LOSS)	<b>6,431,091</b>	<b>2,382,477</b>	<b>1,928,241</b>
<b>Interest received</b>	26	2,961	18,316
<b>Interest paid</b>	-	(32,521)	(47,856)
<b>Other financial revenues/(costs)</b>	2,651,021	995,443	867,278
PROFIT BEFORE TAX	<b>9,082,138</b>	<b>3,348,360</b>	<b>2,765,979</b>
<b>Income tax</b>	(1,929,173)	(708,415)	(600,538)
<b>Deferred tax</b>	1,622	(1,476)	12,810
NET PROFIT/(LOSS) AFTER INCOME TAX	<b>7,154,587</b>	<b>2,638,469</b>	<b>2,178,251</b>

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

### Assets, liabilities and equity as of 30 September (in EUR)

ASSETS	30 September, 2021		30 September, 2020		30 September, 2019	
Total long-term assets	1,896,057	15%	1,482,242	16%	2,401,125	33%
Short-term assets	10,509,500	85%	7,653,451	84%	4,967,983	67%
<b>TOTAL ASSETS</b>	<b>12,405,557</b>	<b>100%</b>	<b>9,135,693</b>	<b>100%</b>	<b>7,369,108</b>	<b>100%</b>
<b>EQUITY AND LIABILITIES</b>						
TOTAL EQUITY	9,873,999	80%	7,420,269	81%	4,369,501	59%
Total non-current liabilities	163,508	1%	134,964	1%	251,970	4%
Total current liabilities	2,368,050	19%	1,580,460	18%	2,747,637	37%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,405,557</b>	<b>100%</b>	<b>9,135,693</b>	<b>100%</b>	<b>7,369,108</b>	<b>100%</b>

A significant portion of long-term assets consists of VISA Inc. series C shares measured at fair value. The increase in long-term assets is due to the revaluation of VISA Inc. series C shares and an internally developed SW recognized in long-term intangible assets.

The significant increase in short-term assets is due to an increase in cash in bank accounts.



There was no change in the registered share capital in the amount of EUR 350,000 in the 2020/2021 fiscal year.

The increase in equity includes in particular the economic result of 2020/2021. The net profit of EUR 2,638,469 reported in the 2019/2020 fiscal year as well as the net profit of EUR 2,178,251 reported in the 2018/2019 fiscal year has been distributed in the form of a dividend to the company shareholders.

The increase in current liabilities is due to the growing volume of business transactions.

	30 September, 2021	30 September, 2020	30 September, 2019
<b>Operating capital indicator</b>	<b>20%</b>	<b>19%</b>	<b>41%</b>
<b>Short-term liquidity indicator</b>	<b>444%</b>	<b>484%</b>	<b>181%</b>
<b>Cash indicator</b>	<b>434%</b>	<b>372%</b>	<b>175%</b>

Explanatory notes:

Operating capital indicator = Liabilities / Assets

Short-term liquidity indicator = Short-term assets / Short-term liabilities

Cash indicator = Cash and cash equivalents / Short-term liabilities

## Revenues and costs data (in EUR)

	30 September, 2021		30 September, 2020		30 September, 2019	
Revenues from payment transactions	22,330,169	83%	14,536,706	81%	10,847,880	81%
Operating revenues	427,031	2%	187,083	1%	221,229	2%
Financial revenues	4,163,038	15%	3,200,470	18%	2,348,818	17%
<b>Total revenues</b>	<b>26,920,238</b>	<b>100%</b>	<b>17,924,259</b>	<b>100%</b>	<b>13,417,927</b>	<b>100%</b>
Costs of payment transactions	(12,230,885)	69%	(9,363,935)	64%	(6,407,405)	60%
General administrative costs, of which	(3,015,156)	17%	(2,261,246)	16%	(2,218,124)	21%
- Wages and salaries	(1,830,207)		(1,430,501)		(1,466,871)	
- IT costs	(485,329)		(222,042)		(188,794)	
- Lease, registered office, lease related services	(206,160)		(195,311)		(189,433)	
- Advertising, representation, trade fair and exhibition costs	(81,052)		(62,932)		(89,007)	
- Other administrative costs	(412,408)		(350,460)		(284,019)	
Other operating costs	(1,080,068)	6%	(716,131)	5%	(515,339)	5%
Financial costs	(1,511,991)	8%	(2,234,587)	15%	(1,511,080)	14%
<b>Total costs</b>	<b>(17,838,100)</b>	<b>100%</b>	<b>(14,575,899)</b>	<b>100%</b>	<b>(10,651,948)</b>	<b>100%</b>
<b>Profit (loss) before tax</b>	<b>9,082,138</b>		<b>3,348,360</b>		<b>2,765,979</b>	

The overall strategy of the company has not changed significantly compared to 2019/2020. The Company is entering into business relationships with new clients on a regular basis, and expanding the scope of services for existing clients, which has contributed to a more than 54% increase in revenue from payment transactions compared to the previous period. It intends to monitor the efficiency of contracts in the upcoming period as well, to achieve the required revenue from payment transactions given the number of its clients. The COVID-19 pandemic, which has caused significant changes in consumer behaviour and preferences, and increased e-commerce sales and card payments, also had a significant impact on revenue growth.

The Company has seen a 31% increase in payment transaction costs due to the higher volumes and movement of more cash. This is also causing significant changes in financial revenues and financial expenses. A significant portion of the financial revenues and financial expenses is represented by foreign exchange gains and foreign exchange losses. In 2020/2021 the company reported a positive result with regard to revaluation of foreign currency exchange.

## Cash on client accounts (in EUR)

The company manages the funds of its clients, which do not, at any time, become the ownership of Trust Pay, a.s., and the company does not bear the risk of any exchange rate fluctuations. Losses as well as any gains resulting from the above fluctuations are fully borne by the client.

	30 September, 2021	30 September, 2020	30 September, 2019
Financial closing balance on client accounts	144,942,934	74,455,759	45,987,038
Cash in transit	(6,395,658)	(6,969,315)	582,441
<b>Liabilities towards clients</b>	<b>138,547,276</b>	<b>67,486,444</b>	<b>46,569,479</b>

## GENERAL PRINCIPLES

### Accounting principles and procedures

1. The company applies accounting principles and procedures in accordance with the International Financial Reporting Standards as adopted by the European Union.
2. The company prepared the financial statements under the conditions of constant and uninterrupted existence with respect to future periods, and until the date of its submission there were no other entries that would change these conditions.
3. Company accounting is prepared in compliance with the accrual of income and costs principle. All costs and revenues related to the accounting period, regardless of the date of their payment, are taken as the base.
4. The company applies the principle of prudence, and the financial statements express the risks, impairments and losses related to the assets and liabilities known at the date of creation of the financial statements.
5. The valuation is based on historical costs, except for certain financial instruments.
6. Assets and liabilities in foreign currency are converted to EUR using the exchange rate of the ECB.
7. Funds received by Trust Pay, a.s. from the clients are, at all times, owned by the clients. Clients' money is, therefore, accounted for separately and under no circumstances becomes the property of the company; no exchange rate differences are incurred, and no related risks of exchange rate fluctuations are borne by the company as a result of recording such funds.

## INCOME TAX OF LEGAL ENTITIES

In the 2020/2021 fiscal period, the legal entity income tax rate is 21%. The company is not subject to any exemptions.

## *Company sales management plan in the fiscal period 2021/2022 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 based on market developments. 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 while for clients with higher transaction volumes or for clients that are otherwise important to the company, Trust Pay, a.s. applies an individual approach and maintains active and regular communication with the clients; 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

### Payment accounts

Trust Pay, a.s. offers its clients the establishment of TrustPay payment accounts, which serve as a full-fledged alternative to the traditional bank account. These payment accounts have their own IBAN number, through which the merchant can accept bank payments from all over the world in supported currencies.

Merchants also gain access to TrustPay Internet Banking, offering functionalities that allow them to fully manage their payment accounts and the related transactions. It also allows them to place payment orders.

#### API banking

Another useful functionality for the payment accounts we offer is the so-called API banking, where merchants are able to manage their TrustPay payment accounts (track balances, transaction history, download statements and place payment orders) directly and automatically from their systems via API integration.

#### Prepaid cards

Trust Pay, a.s. offers its clients prepaid MasterCard payment cards connected to their TrustPay payment account. Clients have the opportunity to use their prepaid cards worldwide for ATM withdrawals, online payments and other supported operations up to the amount of the balance on their card. The cards can be topped-up via TrustPay Internet Banking repeatedly, as necessary.

Trust Pay, a.s. does not issue electronic money to the payment service users, however it acts as electronic money distributor of another e-money institution.

### 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 payment 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

#### Instant bank transfers

Instant bank transfers 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

It 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.



Trust Pay, a.s. regularly expands the portfolio of alternative payment methods offered to its clients, to include payment options such as PaySafeCard, GiroPay, EPS, iDEAL, Bancontact or Mybank.

## POS terminals

Trust Pay, a.s. ensures the acceptance of payment card payments via POS terminals throughout the European Economic Area. Through its business partner, the company currently provides services to merchants in Cyprus. In the following fiscal year, the company plans to complete the project of acceptance of card-present payments in POS terminals.

## ATM terminals

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

## OTHER INFORMATION

### Research and development costs

In the 2020/2021 fiscal year, the company has not spent any significant amount on research and development, which could be recognised as an expense. Some existing products were expanded to include minor new features. In the 2019/2020 fiscal year, the company has spent a total of EUR 20,985 on research and development, which has been recognised as an expense.

As a part of its IT activities, the company develops software for its internal use. In the 2020/2021 fiscal year, some projects were put in use. The cost of such SW in the 2020/2021 fiscal year was EUR 285,948 (2019/2020: EUR 206,869). In the 2020/2021 fiscal year, the total additions to the internally generated SW amounted to EUR 491,643 (2019/2020: EUR 0).

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

The company did not acquire any own stocks and temporary stock in the accounting period ending on 30 September, 2021.

### Planned financial investments

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

### Financial assets measured at fair value

As of 30 September, 2021, the Company reported an equity interest in VISA Inc. in the form of Series C preferred shares with a fair value of EUR 1.3 million (2020: EUR 1.2 million). The fair value of the VISA Inc. series C preferred shares was determined based on the market value of the ordinary shares adjusted for the effect of restrictions associated with holding preferred shares.

In September 2020, part of the value (50%) of the VISA Series C preferred shares was converted into VISA Series A preferred shares. They are valued at fair value derived from the quoted prices of the ordinary A shares at a fixed conversion ratio.

In the 2019/2020 fiscal year, they were recognised at EUR 1.6 million as financial assets measured at fair value through profit or loss. In October 2020, the company sold off all these shares and, due to the standard changes of quoted prices of the ordinary A shares influencing the fair value of the shares owned by the company, it reported a loss of EUR 42,898 in the fiscal year 2020/2021.

### 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 bear the full foreign exchange risks arising from transactions in foreign currencies. The money received by the company can be invested in low-risk and short-term products of commercial banks. So far, the company has not used this option and has no plans to use it in the short term.

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 company 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 70 employees as of 30.09.2021 (61 employees as of 30.09.2020), and it is not expected that the company will significantly affect employment in the region in the future.

## Proposed profit distribution

The economic result for the current financial year is an after-tax profit of EUR 7,154,587. The Board of Directors of the company proposes to distribute the profit to the shareholders as dividend in the next financial year.

## Events that occurred after the date of financial statements

1) Between 5 March and 7 March, 2022, Visa and MasterCard announced suspension of their activities in Russia. In their public communication they state that:

- they are suspending transactions initiated by cards issued by Russian issuers,
- they will stop processing transactions within the Russian Federation if the transaction is initiated by a card issued by an issuer outside Russia. Trust Pay, a.s. has immediately taken steps to align its activities with these measures.

Besides that, on 24 February 2022, the Office of Foreign Assets Control (OFAC) of the US Department of Treasury began introducing extensive economic measures focusing on the elementary infrastructure of the Russian financial system. Besides the measures adopted in the U.S., additional measures against Russia were also adopted by the United Kingdom, the European Union, Canada and other countries worldwide.

Trust Pay, a.s. has immediately adopted measures to ensure compliance with all valid sanctions. Even though Trust Pay, a.s. is not involved in areas directly influenced by the most recent developments, it has introduced systematic limitations and other control mechanisms in relation to the sanctions which help prevent and identify any illegal activities.

The war in the Ukraine and the economic sanctions against the Russian Federation are not capable of significantly impacting the economic activity of Trust Pay, a.s., because the company was never actively involved in these countries.

2) In October 2021, Trust Pay a.s. established IBANIZE LTD with its registered office in Cyprus which, starting from 1 March 2022, acts as a payment service agent of the company.

As of the date of this annual report, there were no other material events that would require adjustment to the financial statements or additional recognition in the individual financial statements prepared as of 30 September 2021.

## 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 and optimising its operational processes based on the currently applicable restrictions and recommendations against the spread of COVID-19. 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 earnings. The development of the Company's economic result will be significantly influenced by global events and financial market developments in the coming months. The war in Ukraine and the economic sanctions against the Russian Federation are not capable of significantly impacting the economic activity of Trust Pay, a.s., because the company was never actively involved in these countries.