

Annual Report 2023/2024

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

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Appendices:

Separate Financial Statements for the year ended 30 September 2024, 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
Board of Directors	Chairman	Igor Rintel
	Vice-chairman	David Rintel
	Member	Vladimír Kajaba
	Member	Richard Tési (from 26.09.2024)
	Member	Matúš Drastich (from 26.09.2024)
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, where one of the signing members must always be the chairman or vice-chairman of the Board of Directors.

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.

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.

Over the last two years, the company has achieved a number of significant successes, confirming its position among the leaders in the market and in the fintech world. Trust Pay, a. s. has twice consecutively won the prestigious Deloitte Best Managed Company award in Slovakia, became a Diamond of Slovak business, and for two consecutive years was included in the global Fintech Power 50 rankings.

Organisational unit abroad

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

FINANCIAL INDICATORS OF THE COMPANY

Data as at 30 September 2023 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 2024, the Company has changed the presentation of part of the current deferred income relating to credited Mastercard fees. 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. The aforementioned changes were due to adapting the presentation of selected assets to common market practices. The changes did not affect the Equity and the Statement of Comprehensive Income.

For comparability with the current accounting period, the Company has also reclassified comparable data as at 30 September 2023, as well as the opening balance as at 1 October 2022. The indicators presented below are after considering the change in presentation.

Aggregate indicators (in EUR)

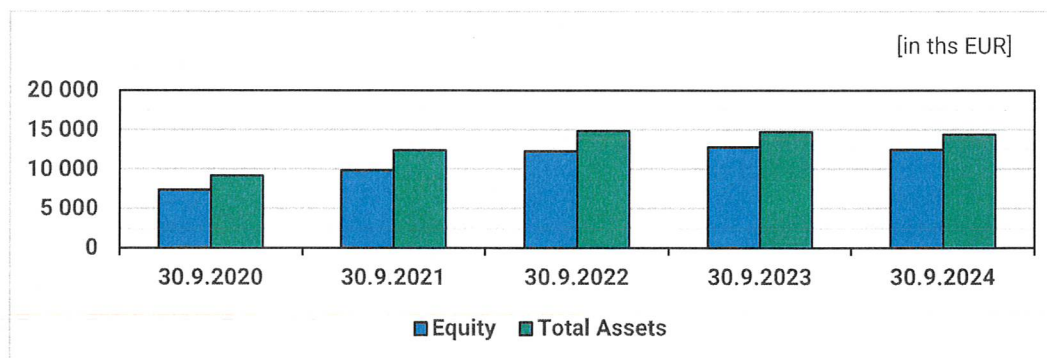
	30 September 2024	30 September 2023
Payment transactions income	41,648,663	35,242,740
Payment transaction costs	(28,101,072)	(22,143,544)
General administrative expenses	(4,856,371)	(4,151,585)
Other operating income/(expenses)	806,069	429,568
OPERATING PROFIT (LOSS)	9,497,289	9,377,179
Interest income	23,623	9,035
Interest expense	-	-
Other financial income/(expenses)	5,022,847	4,090,183
PROFIT BEFORE TAX	14,543,759	13,476,397
Income tax	(3,412,615)	(2,834,442)
NET PROFIT/(LOSS) AFTER INCOME TAX	11,131,144	10,641,955

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 2024		30 September 2023	
Total non-current assets	1,142,584	8%	1,657,589	11%
Current assets	13,241,241	92%	13,051,904	89%
TOTAL ASSETS	14,383,825	100%	14,709,493	100%

EQUITY AND LIABILITIES	30 September 2024		30 September 2023	
Total equity	12,478,630	87%	12,799,919	87%
Total non-current liabilities	71,127	0%	120,528	1%
Total current liabilities	1,834,068	13%	1,789,046	12%
TOTAL EQUITY AND LIABILITIES	14,383,825	100%	14,709,493	100%



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 2024, the conversion of a part (50.50%) 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 2024.

The decrease in non-current assets is due to conversion and sale of Preferred Shares of VISA Inc. Series C. The decrease in non-current intangible assets was also due to the gradual reduction in value (depreciation) of internally developed software.

The increase in current assets is attributed to incline in the balance of cash on bank accounts. On the other hand the increase was offset by a slight decline in the balance of trade and other receivables.

During FY 2023/2024, there was no change in the share capital which remains at EUR 350,000.

During the year, a substantial part of retained earnings was paid out to the Company's shareholders in the form of dividends, totaling EUR 11,647,407.

The increase in current liabilities is caused mainly by the increase in trade payables. Compared to previous period, there has been decrease in current tax liabilities.

	30 September 2024	30 September 2023
Working capital ratio	13%	13%
Liquidity Coverage Ratio	722%	730%
Cash ratio	701%	704%

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 2024		30 September 2023	
Payment transactions income	41,648,663	82%	35,242,740	80%
Operating income	1,640,476	3%	982,399	2%
Financial income	7,715,874	15%	7,898,888	18%
Total revenues	51,005,013	100%	44,124,027	100%
Payment transaction costs	(28,101,072)	78%	(22,143,544)	72%
General administrative expenses, of which	(4,856,371)	13%	(4,151,585)	14%
Personnel expenses	(3,039,216)		(2,646,854)	
IT expenses	(737,545)		(651,699)	
Rent, company headquarters, rental services	(263,148)		(225,121)	
Advertising, representation, fairs and exhibitions costs	(163,006)		(157,179)	
Other administrative expenses	(653,456)		(470,732)	
Other operating expenses	(834,407)	2%	(552,831)	2%
Financial expenses	(2,669,404)	7%	(3,799,670)	12%
Total costs	(36,461,254)	100%	(30,647,630)	100%
Profit/(Loss) before tax	14,543,759		13,476,397	

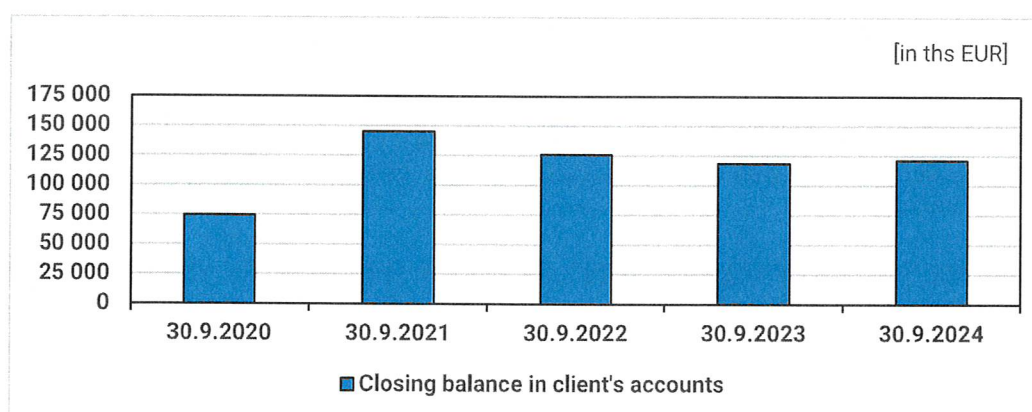
The Company's overall strategy has not undergone any major changes comparing to FY 2022/2023. The Company keeps establishing business relationships with new clients on a regular basis, and expanding the scope of services for existing clients, which has contributed to 18% increase in revenues from payment transactions compared to the prior period. The slower increase in revenues compared to the increase in costs was primarily caused by different client structure and payment services they used 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 27% increase in costs of payment transaction. One of the factors contributing to this increase was the rise in card scheme fees. Another factor was the increase in the volume and movement of a larger amount of funds. The structure and volume of funds significantly affect financial income and financial expenses, a substantial portion of which consists of foreign exchange gains and losses. In financial year 2023/2024, 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 2024	30 September 2023
Closing balance in client's accounts	121,284,990	118,671,394
Funds in transit	494,454	811,219
Liabilities to clients	121,779,444	119,482,613



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.

Taxation

The corporate income tax rate for FY 2023/2024 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.

From January 1, 2024, the Company is subject to a special levy on business in regulated industries. The special levy is calculated as a multiple of the levy rate and the levy base. The levy base is the profit before tax reported in accordance with the International Financial Reporting Standards (IFRS), adjusted in accordance with the Income Tax Act and further adjusted according to the Special Levy Act. The monthly levy rate for 2024 is 0.00363.

Effective from April 1, 2025, a new tax on financial transactions will be introduced. The Company will act both as a tax payer on behalf of clients and also as the taxpayer from the Company's transactions subject to tax. The subject of the tax is primarily a financial transaction resulting in debiting of funds from a payment account. For this tax subject, the tax rate is 0.4% of the financial transaction, up to a maximum of 40 EUR. Payment operations carried out from the Company's payment account, which holds its clients' funds and is used exclusively for conducting transactions on behalf of its clients, are exempt from the tax on financial transactions.

COMPANY SALES MANAGEMENT PLAN IN THE FISCAL YEAR 2024/2025 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. does not issue electronic money to payment service users and from the first quarter of 2024 no longer 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. In the fiscal year 2024/2025, the Company will cease providing payment services in the area of ATM acquiring in the countries of Slovakia, Czech Republic, and Hungary.

OTHER INFORMATION

Research and development costs

In 2023/2024, the Company spent a total of EUR 5,083 (2022/2023: EUR 21,500) on research and development of one significant project, recognised as an expense in that period. These expenses related to the research phase of the software project that was not yet put into use during 2023/2024. 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 2023/2024, the software project was not yet put into use, and the costs of this SW in 2023/2024 amounted to EUR 132,814. During 2022/2023, the Company developed two software projects which were put into use, and the cost of this SW in 2022/2023 amounted to EUR 154,080. The total additions to the internally developed SW in 2023/2024 amounted to EUR 0 (2022/2023: EUR 154,080).

Ownership of shares, temporary stock, and business interests

In the accounting period ended 30 September 2024, the Company did not acquire any own shares and temporary stock.

Planned investments

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

Financial assets measured at fair value

As at 30 September 2024, the Company reports an equity interest in VISA Inc. in the form of Series C preferred shares with fair value of EUR 450 thousand (2023: 809 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 2024, a part (50.50%) 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 2024. 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 17 thousand was recognised in 2023/2024.

The Company expects further conversion during the year 2024/2025.

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 to 3 months 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 80 employees as at 30 September 2024 (84 employees as at 30 September 2023), 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 11,131,144. After the end of the accounting period, the Company's Board of Directors proposed retaining part of the profit amounting to EUR 200 thousand 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.

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 2024.

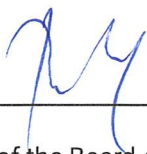
Expected future development of the Company

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. Similarly, the economic result will be affected by inflation trends, changes in consumer behavior, which are difficult to predict, and the introduction of new taxes that may also influence the decision-making of the Company's clients. The Company is working on implementing the Financial Transaction Tax Act. The Company is positioned as the tax payer on behalf of clients and also as the taxpayer from the Company's transactions subject to tax. The financial impact is progressively analysed due to changing legislation.

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.

Bratislava, March 2025



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



David Rintel
Vice-chairman of the Board of Directors
of Trust Pay, a.s.