

# Sandpiper Digital Payments AG

Interim Financial Statements

as per 30 June 2020



## Financial review

### Environment

Sandpiper Digital Payments AG (“Group”, “SDP” or “SANDPIPER”), [www.sandpiper.ch](http://www.sandpiper.ch), is a stock-listed technology holding company based in St. Gallen, Switzerland. SANDPIPER is focused on the consolidation of the fragmented payment landscape in Europe in the area of digital payments, access control and identity management. Sandpiper Digital Payments AG’s shares are listed on Berne Stock Exchange.

SANDPIPER is a global multi-application platform provider enabling mobile commerce, proximity marketing and loyalty, as well as digital payments based on strong digital security services and technologies. The platform combines easy-to-use hard- and software, apps and management solutions for universities, libraries, events, festivals, municipalities, fleet, transport and mobile network operators. SANDPIPER provides a range of capabilities, services and solutions enabling financial institutions and other corporates, event organizers, caterers, retailers and brands to rapidly deploy highly secure digital payments and data or loyalty services. SANDPIPER solutions are secure, interoperable, interactive and therefore convenient, by seamless integration of digital security technologies and data services, social media and apps, smart and connected devices, as well as multiple applications like:

- Cashless closed- and open-loop payment at point-of-sales (POS), kiosk, self-service machines, printing, ticketing and parking facilities
- Digital security and identification / ID solutions for secure physical, logical and converged access, time and attendance
- Easy integration of various 3rd party solutions.

SANDPIPER offers its technologies, capabilities and expertise to simplify the world of payment. It delivers innovation, quality and commitment to build long-term client relationships based on mutual trust, integrity and respect for a more secure future.

Digital security technologies build the fundament for seamless interoperable and interactive ID, mobile and digital payment systems and adjacent multiple applications, like physical and logical access and enhanced data or loyalty services.

### Business year

SANDPIPER has been able to grow in a tough business environment. For the first time, Polyright AG made a sales contribution to the group of EUR 2.0 million for the first 6 months, after the consolidation only started in May 2019 with sales of EUR 0.7 million compared to the previous year.

In spite of COVID-19-related order and project postponements, InterCard AG Informationssysteme recorded only a slight decline in sales and were essentially in line with the planning for 2020. The increase in InterCard's share in Swiss Polyright AG to 61% in December 2019 generated an additional contribution to sales. Polyright and InterCard have already been working together intensively both operationally and technologically.

Ergonomics AG could reach its planned revenues. After the sharp decline in 2<sup>nd</sup> HY 2019 Ergonomics AG could not reach its prior year revenue level. Compared to 1<sup>st</sup> HY 2019 Ergonomics lost EUR 0.8 million in revenues.

IDpendant GmbH grew by around 20% or EUR 0.4 million. IDpendant GmbH was well positioned and could provide security products to its customers and be a valuable partner in digitalization projects.

Playpass NV is affected maximally as a festival and event season is suspended completely in 2020. In 1<sup>st</sup> HY 2020, SANDPIPER granted an additional convertible loan of EUR 0.3 million for Playpass to overcome the current crisis and to be prepared for the next event season in 2021. Key figures:

EUR	30.06.2020	31.12.2019	Change
Total assets	15'876'930	15'772'809	0.7%
Shareholders equity attributable to SDP shareholder	-3'775'710	-3'333'411	-13.3%
Shares outstanding	208'325'028	208'325'028	0.0%
NAV per share	-0.02	-0.02	

EUR	01.01.2020 30.06.2020	01.01.2019 30.06.2019	Change
Operating income	14'305'080	13'919'498	2.8%
Earnings before interests and taxes (EBIT)	230'988	469'754	-50.8%
Earnings before interests, taxes, depreciation and amortization (EBITDA)	814'416	1'229'509	-33.8%
Net result attributable to SDP shareholder	-446'312	64'622	-790.7%
Basic earnings per share	0.00	0.00	
Diluted earnings per share	0.00	0.00	

The number of shares issued is unchanged 211'695'028. The treasury shares reduce the shares outstanding to 208'325'028.

The growth and the cost savings led to a significantly improved profitability. Prior year's result was impacted by the deconsolidation of the overindebted and bankrupt Multicard Nederland BV which led to a positive consolidation effect of EUR 0.7 million.

## Outlook

The existing portfolio of SANDPIPER with its product offerings constitutes an essential part of SANDPIPER's value proposition. Beginning of 2020, COVID-19 crisis has also hit SANDPIPER portfolio. Whereas some portfolio companies with digital product offerings are affected less, others like Playpass are affected with maximum force as a festival and event season is suspended completely in 2020. Playpass, that has already been in a restructuring phase, has been downsizing its team, re-incentivized the remaining core team and prepares its technology and clients for the next season in 2021. The global crisis also leaves SANDPIPER with a higher degree of uncertainty and a recovery from the COVID-19 situation is expected towards next year 2021. On the other side, SANDPIPER management is confident towards its portfolio as well as the portfolio's products and pipeline and feels well prepared for 2020 and the years thereafter.

Besides COVID-19 and all necessary ad-hoc measures for a rapid recovery of the companies, SANDPIPER targeted to further simplify the structure of its companies towards a less complex and leaner portfolio approach, e.g. through business consolidation of existing portfolio companies. In addition, SANDPIPER is pursuing opportunities to sell certain parts of its business and will start M&A processes in 2020. In the years to come, SANDPIPER wants to keep improving its operational efficiency on holding level as well as within its portfolio companies.

## Consolidated balance sheet of Sandpiper Digital Payments AG

### Assets

EUR	30.06.2020	31.12.2019	Change
Cash and cash equivalents	2'873'223	3'308'422	-13.2%
Trade receivables	2'544'587	2'772'364	-8.2%
Other short term receivables	2'178'452	1'452'819	49.9%
Inventories	3'004'805	2'891'787	3.9%
Prepayments and accrued income	894'469	718'713	24.5%
<b>Total current assets</b>	<b>11'495'537</b>	<b>11'144'106</b>	<b>3.2%</b>
Property, plant and equipment	489'471	518'590	-5.6%
Financial assets	1'036'131	860'502	20.4%
Intangible assets	2'786'792	3'180'611	-12.4%
Other non-current assets	69'000	69'000	0.0%
<b>Total non-current assets</b>	<b>4'381'393</b>	<b>4'628'703</b>	<b>-5.3%</b>
<b>TOTAL ASSETS</b>	<b>15'876'930</b>	<b>15'772'809</b>	<b>0.7%</b>

### Equity and liabilities

EUR	Notes	30.06.2020	31.12.2019	Change
Financial debts		1'566'821	1'558'816	0.5%
Trade payables		1'528'435	2'452'873	-37.7%
Other liabilities		1'875'562	1'019'217	84.0%
Provisions		1'560'888	1'357'029	15.0%
Accrued expenses		1'469'697	1'410'265	4.2%
<b>Total current liabilities</b>		<b>8'001'404</b>	<b>7'798'199</b>	<b>2.6%</b>
Financial debts		9'143'696	8'351'393	9.5%
Provisions		787'267	1'416'163	-44.4%
<b>Total non-current liabilities</b>		<b>9'930'963</b>	<b>9'767'556</b>	<b>1.7%</b>
<b>Total liabilities</b>		<b>17'932'366</b>	<b>17'565'755</b>	<b>2.1%</b>
Share capital		1'661'554	1'661'554	0.0%
Capital reserves		-175'819	-175'819	0.0%
Treasury shares		-448'731	-448'731	0.0%
Retained earnings and translation differences		-4'366'401	-3'670'103	-19.0%
Net result		-446'312	-700'313	36.3%
<b>Equity of the Sandpiper Digital Payments AG shareholders</b>		<b>-3'775'710</b>	<b>-3'333'411</b>	<b>-13.3%</b>
Non-controlling interests		1'720'273	1'540'465	11.7%
<b>Total equity</b>		<b>-2'055'437</b>	<b>-1'792'946</b>	<b>-14.6%</b>
<b>Total equity and liabilities</b>		<b>15'876'930</b>	<b>15'772'809</b>	<b>0.7%</b>

## Consolidated income statement of Sandpiper Digital Payments AG

EUR	Notes	01.01.2020 30.06.2020	01.01.2019 30.06.2019	Change
Net Revenue		14'004'262	13'636'455	2.7%
Other operating income		300'818	283'043	6.3%
<b>Total operating income</b>		<b>14'305'080</b>	<b>13'919'498</b>	<b>2.8%</b>
Change in inventories		-240'871	130'269	-284.9%
Material expenses		-4'844'603	-5'692'462	14.9%
Personnel expense		-6'228'897	-5'704'699	-9.2%
Depreciation and impairment on tangible assets		-116'212	-180'367	35.6%
Amortization and impairment of intangible assets		-467'216	-579'389	19.4%
Other operating expenses		-2'172'297	-2'058'137	-5.5%
<b>Total operating expenses</b>		<b>-14'070'097</b>	<b>-14'084'785</b>	<b>0.1%</b>
<b>Operating result</b>		<b>234'984</b>	<b>-165'287</b>	<b>242.2%</b>
Share of results from associates		0	-199'352	100.0%
Financial expense		-340'018	-109'433	-210.7%
Financial income		163'601	203'693	-19.7%
<b>Financial result</b>		<b>-176'417</b>	<b>-105'091</b>	<b>-67.9%</b>
<b>Ordinary result</b>		<b>58'567</b>	<b>-270'378</b>	<b>121.7%</b>
Non-operating income		0	683'954	-100.0%
Non-operating expense		-3'996	-48'914	91.8%
<b>Non-operating result</b>		<b>-3'996</b>	<b>635'040</b>	<b>-100.6%</b>
<b>Profit before taxes</b>		<b>54'571</b>	<b>364'662</b>	<b>-85.0%</b>
Income taxes		-168'138	-88'066	-90.9%
<b>Net result</b>		<b>-113'567</b>	<b>276'596</b>	<b>-141.1%</b>
Attributable to:				
Shareholders of Sandpiper Digital Payments AG		-446'312	64'622	-790.7%
Non-controlling interests		332'746	211'974	57.0%
Earnings per share (EPS) – expressed in EUR per share:				
Basic earnings per share		0.00	0.00	
Diluted earnings per share		0.00	0.00	
Shares outstanding as per 30 June		208'325'028	208'325'028	

## Consolidated statement of cash flows of Sandpiper Digital Payments AG

EUR	Notes	01.01.2019 30.06.2019	01.01.2018 30.06.2018	Change
Net result		-113'567	276'596	-141.1%
Depreciation and amortization of non-current assets		583'428	759'756	-23.2%
Non-cash income		434'460	550'904	-21.1%
Changes in provisions		-425'037	-53'038	-701.4%
Changes in trade receivables		227'777	-549'194	141.5%
Changes in inventories		-113'018	-657'800	82.8%
Changes in other receivables and accrued income		-901'390	-979'535	8.0%
Share of result from associates		0	199'352	-100.0%
Changes in trade payables		-924'438	243'993	-478.9%
Changes in other liabilities and accrued expenses		915'778	1'107'429	-17.3%
<b>Cash flows from operating activities</b>		<b>-316'005</b>	<b>898'463</b>	<b>-135.2%</b>
Investments in property, plant and equipment		-80'882	-951'688	91.5%
Investments in financial assets		-253'529	-104'348	-143.0%
Proceeds from sale of financial assets		13'748	0	100.0%
Investments in intangible assets		-36'096	-897'950	96.0%
<b>Cash flow from investing activities</b>		<b>-356'758</b>	<b>-1'953'986</b>	<b>81.7%</b>
Dividend paid to non-controlling interests		-151'041	-70'911	-113.0%
Purchase/sale of non-controlling interests		0	-273'009	100.0%
Repayment of current financial debts		-70'000	-3'721'339	98.1%
Borrowing of non-current financial debts		500'000	4'765'346	-89.5%
<b>Cash flow from financing activities</b>		<b>278'959</b>	<b>700'088</b>	<b>-60.2%</b>
Net impact of foreign exchange rate differences on cash		-41'395	14'780	-380.1%
<b>Change in cash and cash equivalents</b>		<b>-435'199</b>	<b>-340'654</b>	<b>-27.8%</b>
Verification:				
At beginning of year		3'308'422	3'259'134	1.5%
At end of year		2'873'223	2'918'480	-1.6%
<b>Change in cash and cash equivalents</b>		<b>-435'199</b>	<b>-340'654</b>	<b>-27.8%</b>

## Consolidated statement of changes in equity of Sandpiper Digital Payments AG

EUR	Share capital	Capital reserves	Treasury shares	Retained earnings	Equity attributable to SDP shareholders	Minority shareholders	Total equity
<b>Balance at 31.12.2018</b>	<b>1'661'554</b>	<b>14'525'054</b>	<b>-480'511</b>	<b>-18'225'469</b>	<b>-2'519'372</b>	<b>1'471'923</b>	<b>-1'047'449</b>
Net result	0	0	0	64'622	64'622	211'974	276'596
Acquisition / Goodwill offsetting	0	0	0	-206'003	-206'003	-67'005	-273'009
Dividends paid	0	-14'736'247	0	14'736'247	0	-70'911	-70'911
Currency translation	0	0	0	11'331	11'331	3'449	14'780
<b>Balance at 30.06.2019</b>	<b>1'661'554</b>	<b>-211'193</b>	<b>-480'511</b>	<b>-3'619'273</b>	<b>-2'649'423</b>	<b>1'549'431</b>	<b>-1'099'992</b>
Net income	0	0	0	-764'934	-764'934	171'549	-593'385
Share-based compensation	0	52'979	0	0	52'979	0	52'979
Purchase of minority interests	0	-17'605	0	0	-17'605	-63'826	-81'432
Dividends paid	0	0	0	0	0	-120'616	-120'616
Purchase of treasury shares	0	0	-8'166	0	-8'166	0	-8'166
Disposal of treasury shares	0	0	39'946	0	39'946	0	39'946
Currency translation	0	0	0	13'792	13'792	3'928	17'720
<b>Balance at 31.12.2019</b>	<b>1'661'554</b>	<b>-175'819</b>	<b>-448'731</b>	<b>-4'370'415</b>	<b>-3'333'411</b>	<b>1'540'465</b>	<b>-1'792'946</b>
Net result	0	0	0	-446'312	-446'312	332'746	-113'567
Dividends paid	0	0	0	0	0	-151'041	-151'041
Currency translation	0	0	0	4'014	4'014	-1'897	2'117
<b>Balance at 30.06.2020</b>	<b>1'661'554</b>	<b>-175'819</b>	<b>-448'731</b>	<b>-4'812'714</b>	<b>-3'775'710</b>	<b>1'720'273</b>	<b>-2'055'437</b>

Share capital of Sandpiper Digital Payments AG consists of 211'695'028 registered shares with a nominal value of CHF 0.01 each.

The SANDPIPER shareholders decided on the shareholders' meeting on 28 June 2019 to reclassify capital reserves of EUR 14.7 million to retained earnings.

There are no non-distributable, statutory or legal reserves (prior year EUR 0).

The shareholders decided on the shareholders' meeting on 28 June 2019:

Authorized capital increase, maximum	CHF	1'058'475
thereof used	CHF	0
Conditional capital increase, maximum	CHF	344'006
thereof used	CHF	0

## Notes to the consolidated interim financial statements of Sandpiper Digital Payments AG as per 30 June 2020

### Summary of significant accounting policies

#### Basis of preparation

The financial statements provide a true and fair view of the assets, financial position and earnings of Sandpiper Digital Payments AG's and its subsidiaries ("Group" or "SANDPIPER") and have been prepared in accordance with all of the existing guidelines of the accounting and reporting recommendations of Swiss GAAP FER 31. Swiss GAAP FER 31 permits condensations in presentation and disclosure compared to an annual financial statement.

The interim financial statements of the Group are based upon the financial statements of the Group companies as at 30 June and are established in accordance with the standardized reporting and accounting policies. The financial statements are based on the principle of historical acquisition costs (except for securities and derivative financial instruments recognized at fair value) and on the going concern principle. The statements are presented in Euro (EUR).

#### Consolidation policies

The Group includes all companies that are directly or indirectly controlled by Sandpiper Digital Payments AG. In this respect, control is defined as the power to control the financial and operating activities of the respective company, so as to obtain benefits from its operations. This control is normally evidenced by the holding of more than half of the voting rights of the share capital of an entity. Group companies are consolidated from the date on which control is transferred to the Group. Subsidiaries intended for disposal are excluded from the consolidation from the date on which control ceases.

Companies acquired over the course of the year are revalued and consolidated in accordance with Group principles upon the date of acquisition. The difference between the acquisition costs and the proportional revalued net assets is referred to as goodwill. Within the scope of acquisitions, potentially existing but until now not capitalized intangible assets such as brands, usage rights and client lists are not recognized separately, but instead remain part of goodwill. Goodwill may also arise from investments in associated companies and is defined as the difference between the acquisition costs of the investment and its proportional revalued net assets. The goodwill resulting from acquisitions is recognized directly in the Group's equity. The notes to the financial statements disclose the effects that a theoretical capitalization and amortization of the acquired goodwill would have.

In the event that shares of the Group companies or associated companies are sold, the difference between the proceeds from the sale and the proportional book value, including historical goodwill, is recognized as a gain or loss in the income statement. Non-controlling interests in equity and in net income are disclosed separately in the consolidated balance sheet and the consolidated income statement. Changes in ownership interests in



subsidiaries are recognized as equity transactions, provided that control continues. Intercompany transactions, balances and unrealized gains and losses from transactions between group companies are eliminated in full.

Associates are all companies on which the Group exerts significant influence, but does not control. This is generally evidenced when the Group holds voting rights of 20% to 50% of a company. Representation on the board of directors or access to the current financial information of a company are also indicators of significant influence. Investments in associated companies are accounted for using the equity method and are initially recognized at cost. Unrealized gains and losses from transactions with associated companies are eliminated to the extent of the Group's participation in the associated company. The accounting policies of associated companies are adjusted where necessary in order to ensure consistency with the policies observed by the Group.

Proportionate consolidation is applied for participations in joint ventures.

Participations in companies where the Group has no significant influence nor control are carried at costs less impairment, if needed.

### Foreign currency translation

The financial statements of the Group are presented in the reporting currency of Euro (EUR). The financial statements of the individual companies to be consolidated are translated into the Group's currency at the effective date with the current rate method. This currency translation is carried out

- λ for the assets and liabilities at the year-end exchange rates,
- λ for equity at historical exchange rates,
- λ and for the income statement and statement of cash flows at average annual exchange rates.
- λ Any translation differences are recognized in equity without affecting the income statement.

In the event that a foreign entity is sold, the cumulative translation differences recognized in equity, which are a result of the translation of the financial statements and intercompany loans, are reversed from the equity and reported in the income statement as part of the gain or loss on the sale.

### Rounding differences

The tables disclosed in these financial statements may contain rounding differences.

### Accounting principles

The financial statements are based on the principle of historical acquisition costs. The following accounting policies were applied for the assets and liabilities included in the consolidated financial statements.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise petty cash, cash at banks and short-term deposits with an original maturity of three months or less. They are recorded at their nominal value.

#### *Marketable securities*

Purchases and sales of securities are recognized in accordance with the settlement date principle. The securities are initially measured at cost, and the transaction costs are charged to the income statement. Subsequently, the listed securities are recorded in the balance sheet at market value on the balance sheet date. All realized and unrealized gains and losses resulting from variations in market values and foreign currencies are recorded in the income statement.

#### *Trade receivables*

Trade receivables are recognized and carried at the original net invoice amount less an allowance for any specifically impaired receivables. Provision is made for balances overdue more than 12 months or for receivables

where specific risks have been identified. Bad debts are written off when there is objective evidence that the Group will not be able to collect the receivables.

#### *Other receivables*

Other receivables are recognized and carried at nominal value less an allowance for any specifically impaired receivables.

#### *Inventories*

Inventories are valued at the lower of cost or net realizable value. Any discounts received are treated as cost reductions. Manufacturing costs comprise all costs directly attributable to material and production, as well as overhead costs incurred in building up the inventory at its current location and/or to its current condition. Acquisition costs are determined according to the weighted average method. Inventories with unsatisfactory inventory turnover are revalued accordingly.

#### *Property, plant and equipment*

Property, plant and equipment are recorded in the balance sheet at historical cost less accumulated depreciation and any impairments. Acquisition costs comprise the purchase price as well as the costs directly attributable to the utilization of the property, plant and equipment. Investments in existing property, plant and equipment are only capitalized if their value in use is sustainably increased or their useful life is extended considerably. Self-constructed assets are only capitalized if they are clearly identifiable and the costs can be reliably determined, and if the assets generate measurable benefits for the Group over a period of several years. Maintenance and repair costs that do not add value are charged directly to the result for the period.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

λ	Land	no depreciation
λ	Buildings	30-35 years
λ	Technical equipment, machines	8-12 years

Other fixed assets:

λ	Furniture	3-5 years
λ	IT equipment	3-5 years
λ	Vehicles	3-5 years

The Group does not capitalize any interest expenses incurred during the construction period.

#### *Financial assets*

Non-current financial loans to associates or third parties are recorded at historical costs less allowance for any specifically impaired loan. Investments in associated companies are accounted for using the equity method. Participations in companies where the Group does not have significant influence are carried at costs less impairment, if needed.

#### *Derivative financial instruments*

Derivative financial instruments are used for hedging risks from fluctuations in interest rates or foreign exchange rates. The valuation of derivative financial instruments is according the same principles like the hedged items. Derivatives without hedging purpose are carried at fair market value.

#### *Intangible assets*

Intangible assets comprise acquired licenses, capitalized development cost and trademarks. Intangible assets are recorded in the balance sheet at historical cost less accumulated amortization and any impairment. They are amortized on straight-line basis over their useful life (max. 6 years).

Internally generated intangible assets are capitalized if all the following criteria are met:

- λ The self-generated intangible asset must be separately identifiable and is controlled by the Group.
- λ It is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.
- λ The cost of the asset can be measured reliably.

#### *Goodwill*

The difference between the acquisition costs and the actual value of the net identifiable assets of the acquired company at the time of the purchase represents goodwill from business combinations. The goodwill resulting from acquisitions is recognized in Group equity at the time of the acquisition. The Notes to the financial statements disclose the effects that a theoretical capitalization and amortization of the goodwill would have. Goodwill may also arise from investments in associated companies, calculated as the difference between the acquisition costs of the investment and its proportional revalued net assets.

In the case of a sale of a company, an acquired goodwill previously offset against equity must be recognized at its original cost in order to determine the gain or loss recognized in profit or loss.

#### *Impairment of assets*

The recoverable value of non-current assets (including goodwill recognized in equity) is verified on every balance sheet date. If there are indications of a sustained impairment, the recoverable amount of the respective assets will be determined. The recoverable amount is the higher of the net selling price and value in use. If the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the smallest group of assets to which the individual asset belongs. If the book value of an asset exceeds the recoverable amount, an impairment loss is recognized separately in the income statement. As the goodwill is already recognized in equity at the time at which it was acquired, a goodwill impairment would not result in a charge being recorded in the income statement but leads to a disclosure in the Notes to the financial statements. In the event that a Group company is sold, any goodwill acquired at an earlier point in time and recognized in equity is taken into consideration when determining the gain or loss in the income statement.

#### *Liabilities*

Liabilities are recognized at nominal values.

#### *Provisions*

Provisions are recognized:

- λ when the Group has a present legal or constructive obligation as a result of past events
- λ when it is probable that an outflow of resources will be required to settle the obligation, and
- λ when a reliable estimate of the amount of the obligation can be made.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate receivable, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted, using a current discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision in function of time is recognized as interest expense.

#### *Taxes*

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax regulations and rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply.

Deferred tax assets are recognized for all deductible temporary differences and tax credits to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax is recognized on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is not intended that the temporary difference will reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Pension obligations*

Group companies participate in various pension schemes, which conform to the legal regulations and provisions in force in the respective countries. The actual economic effects of pension schemes on the Group are calculated at balance sheet date. An economic obligation is recognized as a liability if the requirements for the recognition of a provision are met. An economic benefit is capitalized provided that this can be used for future Group pension expenses. Freely available employer contribution reserves are capitalized.

Employees of the Swiss group companies are insured as part of the "Sammelstiftung BVG der Allianz Suisse Lebensversicherungsgesellschaft", which is a separate legal entity and is financed by contributions from both employers and employees. Surpluses or deficits are calculated based on the Pension Fund's financial statements, which have been drawn up in accordance with Swiss GAAP FER 26. The Group's pension costs include the employer contributions accrued in the period as well as any economic effects from the excess/shortfall and the change in employer contribution reserves.

There are subsidiaries outside Switzerland which participate in pension schemes. These funds are treated in the same way as the Swiss plan in terms of accounting, i.e. paid contributions as well as any effects from the excess/shortfall are recorded as expenses. In some countries, there are also pension plans that do not have own assets, whereby the corresponding benefit provisions are recognized directly in the balance sheet and any changes are recognized in the income statement.

#### *Treasury shares*

Own equity instruments that are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. In the event of a resale at a later point in time, a gain or loss is recognized as an addition to or reduction of capital reserves.

## Annotations to the consolidated financial statements

### 1. Business combinations and disposals

With the conversion of the loan in May 2019 SANDPIPER gained the control in Polyright AG. At the time of the initial consolidation the main balance sheet items were:

EUR	01.05.2019	EUR	01.05.2019
Licenses and other rights	733'846	Equity	274'016
Property, plant and equipment	1	Non-current liabilities	316'954
Financial assets	234'312	Current liabilities	415'802
Receivables and other assets	473'444	Accrued expenses	925'624
Cash	490'793		
<b>Total assets</b>	<b>1'932'396</b>	<b>Total liabilities and equity</b>	<b>1'932'396</b>

For the takeover of control in Polyright AG, SANDPIPER converted the loan of EUR 338k. Goodwill of EUR 404k resulted from the transaction.

No business units of the company were bought or sold in the current financial year.

### 2. Financial assets

EUR	30.06.2020	31.12.2019	Change
Investments in associates	0	0	0.0%
Other investments	429'681	429'681	0.0%
Non-current financial receivables from associates	654'266	400'736	63.3%
Other non-current financial receivables from third parties	116'917	285'665	-59.1%
Deferred tax assets	264'949	329'101	-19.5%
Allowance on non-current financial assets	-429'681	-584'681	-26.5%
<b>Total</b>	<b>1'036'131</b>	<b>860'502</b>	<b>20.4%</b>

Investments in associates contain the 26.7% investment in Playpass NV. Due to the losses in 2019 and 2020 Playpass NV's net equity is negative. The net book value of the company is consequently reduced to zero in 2019.

The non-current financial receivables from associates contain the convertible loan to Playpass NV and accumulated interests. The convertible loan was increased in 2020.

Other investments contain fully impaired investments in companies in liquidation and participations in companies where the Group holds less than 20% of the voting rights and does not have significant influence.

Other non-current financial receivables from third parties contained loans to PAIR Solutions GmbH of EUR 155k which were settled in 2020. Deposits of EUR 117k (2018: EUR 131k) remained.

Allowance on non-current financial assets refers to loans to third parties with solvency risks and the mentioned impairments on investments.

### 3. Goodwill accounting

Goodwill is recognized in equity at the time of purchase of a subsidiary or an investment in an associated company. The theoretical capitalization of goodwill, based on a useful life up to 5 years, would have the following impact:

Balance sheet in EUR	30.06.2020	31.12.2019
Reported equity including minority shareholders	-2'055'437	-1'792'946
Equity financing	n/a	n/a
<b>Historical cost goodwill</b>		
At the beginning of the financial year	9'117'847	20'133'335
Additions	0	403'928
Derecognition	-4'643'095	-11'419'416
At the end of the financial year	4'474'752	9'117'847
<b>Accumulated amortization</b>		
At the beginning of the financial year	7'035'978	16'658'753
Additions	916'624	1'796'641
Impairments	236'830	0
Derecognition	-4'643'095	-11'419'416
At the end of the financial year	3'546'337	7'035'978
Theoretical net book value of goodwill	928'415	2'081'869
Theoretical equity including minority shareholders and goodwill	-1'127'021	288'923
Theoretical equity financing	-6.7%	1.6%
Impact of the theoretical amortization of goodwill on net income:		
<b>Income statement in EUR</b>	<b>01.01.2020</b>	<b>01.01.2019</b>
	<b>30.06.2020</b>	<b>30.06.2019</b>
Reported net income	-113'567	276'596
Theoretical amortization of goodwill	-1'153'454	-885'016
Net income after amortization of goodwill	-1'267'021	-608'420

The residual goodwill from the acquisition of Playpass NV was fully impaired because of COVID-19.

Fully amortized goodwill from the acquisitions of Playpass NV and Ergonomics AG were derecognized. Already in prior year fully amortized goodwill relating to Multicard Nederland BV was derecognized.

The acquisition of Polyright AG in 2019 led to goodwill of EUR 0.4 million.

#### 4. Segment information

Net revenue in the operating segments (in EUR):

01.01.2019 30.06.2019	Sport & Events	Campus & Corporate	Security & Services	Investing activities	Elimination	Total
Third parties	0	8'411'306	5'225'149	0	0	13'636'455
Group	0	0	21'153	0	-21'153	0
Net Sales	0	8'411'306	5'246'302	0	-21'153	13'636'455
Net income	0	296'926	-275'239	254'909	0	276'596

01.01.2020 30.06.2020	Sport & Events	Campus & Corporate	Security & Services	Investing activities	Elimination	Total
Third parties	0	9'200'208	4'804'054	0	0	14'004'262
Group	0	0	58'091	0	-58'091	0
Net Sales	0	9'200'208	4'862'145	0	-58'091	14'004'262
Net income	0	420'971	-229'939	-304'599	0	-113'567

Net revenue in the regional markets:

EUR	01.01.2020 30.06.2020	01.01.2019 30.06.2019	Change
Switzerland	2'513'759	4'001'383	-37.2%
Germany	11'456'930	9'382'071	22.1%
Netherlands	0	0	100.0%
United Kingdom	0	168'681	-100.0%
Other	91'664	105'473	-13.1%
Eliminations	-58'091	-21'153	174.6%
<b>Total</b>	<b>14'004'262</b>	<b>13'636'455</b>	<b>2.7%</b>

Due to the insolvency of Multicard Nederland BV revenues in Sport & events and revenues in the Netherlands dropped to zero.

## 5. Earnings per share

### Basic earnings per share

EUR	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Net income attributable to shareholders of SANDPIPER	-446'312	64'622
Number of shares outstanding	208'325'028	208'325'028
Basic earnings per share	0.00	0.00

### Diluted earnings per share

EUR	01.01.2020 30.06.2020	01.01.2019 30.06.2019
Net income attributable to shareholders of SANDPIPER	-446'312	64'622
Interest on convertible loans	0	0
Adjusted net income	-446'312	64'622

EUR	30.06.2020	30.06.2019
Number of shares issued	211'695'028	211'695'028
Treasury shares	-3'370'000	-3'370'000
Potential number of shares from convertible loans	0	0
Potential number of shares outstanding	208'325'028	208'325'028
Diluted earnings per share	0.00	0.00



## 6. Treasury shares

In 2019, SANDPIPER purchased 300'000 shares to settle a liability. During 2020 no treasury shares were traded.

	Number	Value	Volume
Opening balance 1.1.2019	3'370'000	0.14	480'511
Closing balance 30.06.2019	3'370'000	0.14	480'511
Acquisitions	300'000	0.03	8'166
Disposals	-300'000	0.13	-39'946
Closing balance 31.12.2019	3'370'000	0.13	448'731
Closing balance 30.06.2020	3'370'000	0.13	448'731

## 7. Events after the balance sheet date

After the end of the fiscal year, the COVID-19 outbreak in March 2020 was declared a pandemic by the World Health Organization. On 16 March 2020, the Federal Council of Switzerland declared the "extraordinary situation" for Switzerland in accordance with the Epidemics Act from 17 March 2020. The impact on Sandpiper Digital Payments AG cannot be estimated at this time. The consequences for the business development of Sandpiper Digital Payments AG is continuously reviewed and monitored. Playpass NV, Antwerp (BE), whose business model is the electronic control of major events, will be particularly hard hit by the consequences of this pandemic. Despite these events, there are no direct indications at this time that Sandpiper Digital Payments AG would be unable to continue as a going concern.

The financial statements have been prepared on the basis of the conditions existing as of 30 June 2020 and taking into account events occurring after that date, which provide further substantial indications of circumstances that were already present at the balance sheet date.

There were no subsequent events with effect on the financial statements as per 30 June 2020.

The interim financial statements as per 30 June 2020 were approved by the board of directors on 31 August 2020.

## 8. Subsidiaries and participations

Company name	Country	Registered Office	Segment	Share capital in 1'000	Share of capital in %	Share of voting rights in %	Method
Control Systems GmbH & Co. KG	Germany	Villingen-Schwenningen	CC	EUR 15	27	27	V
COSMO.ID GmbH	Germany	Villingen-Schwenningen	CC	EUR 25	51	51	V
E24 AG	Switzerland	Zurich	SS	CHF 250	80	80	V
Ergonomics AG	Switzerland	Zurich	SS	CHF 800	100	100	V
IDpendant GmbH	Germany	Unterschleißheim	SS	EUR 25	54	54	V
InterCard AG	Germany	Villingen-Schwenningen	CC	EUR 1'690	51	51	V
Informationssysteme	Germany	Villingen-Schwenningen	CC	EUR 1'600	51	51	V
InterCard GmbH	Germany	Villingen-Schwenningen	CC	EUR 100	51	51	V
Kartensysteme	Germany	Dresden	CC	EUR 105	51	51	V
IntraKey technologies AG	Germany	Villingen-Schwenningen	CC	EUR 105	51	51	V
Mobile Services GmbH	Germany	Villingen-Schwenningen	CC	EUR 105	51	51	V
Multi-Access AG	Switzerland	Regensdorf	CC	CHF 100	51	51	V
Multicard GmbH	Germany	Villingen-Schwenningen	CC	EUR 105	51	51	V
Multicard Nederland B.V.	Netherlands	Oud-Beijerland	SE	EUR 18	100	0	B
Playpass NV	Belgium	Antwerp	SS	EUR 166	27	27	E
Polyright AG	Switzerland	Sion	CC	CHF 850	31	31	V
Prima Live Ltd.	Malta	Mosta	IA	EUR 7	17	17	B
Professional Services GmbH Datentechnik	Germany	Villingen-Schwenningen	CC	EUR 60	36	36	V
Rumble Media GmbH	Germany	Karlsruhe	IA	EUR 160	1	1	B
Sandpiper Digital Payments Asia Private Ltd	Singapore	Singapore	SS	SGD 150	15	15	B

### Consolidation method

### Segments

V Full consolidation

E Equity Method

IA Investing activities

SE Sport & Events

Q Proportionate consolidation

B Current Value

CC Corporate & Campus

SS Security & Services

The investments in AZEGO Technology Services (US) Inc and AZEGO TS Ltd. were disposed in 2019.

In addition, InterCard Group acquired all minority interest in Cosmo.ID GmbH in 2019 and holds 100% of the capital and voting rights today. Further InterCard Group increased its stake in Polyright AG to 61.03%.