Amakitu ApS

Applebys Plads 7, 1411 København K

Company reg. no. 35 03 12 27

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 24 June 2019.

Sean Møller Sealey
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Amakitu ApS for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 7 June 2019

Managing Director

Thomas Jan Skovgaard Pedersen

Board of directors

Sean Møller Sealey Chairman	Thomas Sindberg Eriksen	Christian Bredal Mørk Lauridsen

Independent auditor's report

To the shareholders of Amakitu ApS

Opinion

We have audited the annual accounts of Amakitu ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties concerning the enterprise's ability to continue as a going concern

The Company relies on funding by August 2019, and management has implemented a multi-phased approach to secure this.
1.The company has engaged an advisor to secure the needed financing from outside investors and believes the efforts of the advisor will be successful within a short time.
2.If that fails, the company will ask existing investors to fund continued operations for one more year.
The Management of The Company consider above requirements to be met and the accounts are prepared as a going concern.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Independent auditor's report

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 7 June 2019

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Henrik Paaske
State Authorised Public Accountant
mne10067

Company data

The company	Amakitu ApS Applebys Plads 7 1411 København K	
	Company reg. no.	35 03 12 27
	Domicile:	Copenhagen, Denmark
	Financial year:	1 January - 31 December
Board of directors	Sean Møller Sealey, Chairman Thomas Sindberg Eriksen Christian Bredal Mørk Lauridsen	
Managing Director	Thomas Jan Skovgaard Pedersen	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	

Management's review

The principal activities of the company

The principal activity is software development. Specifically, development of automated algorithmic trading platforms for fx markets, stock indices and crypto currencies.

Uncertainties as to recognition or measurement

The Company relies on funding by August 2019, and management has implemented a multi-phased approach to secure this.

1. The company has engaged an advisor to secure the needed financing from outside investors and believes the efforts of the advisor will be successful within a short time.
2. If that fails, the company will ask existing investors to fund continued operations for one more year.

The Management of The Company consider above requirements to be met and the accounts are prepared as a going concern.

Development in activities and financial matters

The result for the year and the financial position of the company as per 31 December 2018 is shown in the following profit and loss account, balance sheet and notes.

2018 was a critical year for Amakitu ApS. In the beginning of the year the business was failing. After multiple years of development, the software platform was not yet finished – proof of concept vis a vis trading profitability could not be shown, and the B2B business model of targeting brokers directly with a value-added service for their customers was failing. New account adds were not materializing in the speed required for success.

In February 2018 all employees in Denmark including the CEO and CTO were sold to the Danish crypto trading platform Coinify in a last-ditch effort to save Amakitu ApS. Coinify took on payment of salaries and other obligations that would otherwise have bankrupted Amakitu ApS.

In March a new board was elected with the mandate of cleaning up the company and act as provisional day-to-day management until replacements could be found.

Upon finalizing the initial review of the technology developed so far, and negotiating a deal with Vækstfonden, the decision was made to reboot the company by raising DKK one million, finalize development of the software platform and run the company with a leaner team. The fund-raise was successfully completed in mid-June.

In the second half of 2018 the company was focused on three major initiatives:

1. Finalizing the software platform to demonstrate that the trading technology works and that investors can earn positive returns with Tradeworks technology.
2. Finding a new CEO to take over daily management of the company.
3. Meet the revenue targets agreed with Vækstfonden to release the tax refund critical for further operations.

Demonstrating platform proof of concept

Upon taking over the day-to-day management of development of the trading platform, the managing director implemented a new development strategy relying only on outsourced developers working on an hourly basis. Developers that had worked on the platform previously were re-engaged and new developers were interviewed and tested.

The company also engaged with real trading experts in China, Ukraine and Russia that assist in developing profitable algorithmic trading strategies that run on the platform as well as ensuring overall quality assurance.

The breakthrough happened in February 2019. Multiple algo-trading strategies were created by the company’s trading experts and bundled into portfolios of multiple strategies trading at the same time – in order to decrease risk. The company can now demonstrate multiple portfolios trading and generating double digit returns to investors on a month-by-month basis.

Finding new CEO

Thomas Pedersen initially came on as an interim CEO only. With his help the board initiated the search for a new CEO that would lead the company in the turnaround process.

More than ten candidates from all over the world applied for the job, but in end the board was unable to locate a person with the required knowledge of software development, interest in the technology and industry, and willingness to invest time and effort to gain a personal upside.

By September 2018 Thomas Pedersen was asked by a unanimous board to continue as CEO and he agreed to do so.

Meeting revenue targets

IIn parallel, the company focused on growing the revenue. Two people that had applied for CEO roles were instead sequentially hired as business developers in order to increase the number of broker accounts on contract. The company was still working with the B2B business model.

The company was successful in maintaining the revenue throughout 2018, but the business model was ultimately shown to be unsustainable. Due to many different reasons the company was not able to sign on new brokers as customers and existing customers cancelled their contracts with the company by the end of the year. In order to keep costs low the last business developer has been released in February 2019.

Management instead chose to test a new business model focusing on individual users signing up and paying to use the service. The company can also refer new customers to brokers that will pay a fee to Amakitu based on the trading volume generated. Finally, a new automated service has been implemented that allows affiliates to sign up customers and receive a referral fee for the monthly subscription that is charged to customers. This business model is currently being tested and the conclusion awaits.

Conclusion

2018 was a pivotal year for Amakitu ApS. The company is in a turn-around state with important facts in place:

- We have now validated that the trading platform works, and we can demonstrate multiple portfolios gaining double digit returns on a month-by-month basis over more than 3 months. Customers can earn a stable profit with the company’s technology.
- Development work still remains in making the customer onboarding simple and smooth, and preparing the service for exponential growth.
- The business model has not been validated. It was decided to pivot away from the failing B2B business model towards a retail model with individual users. The service now supports this model, but users have not been onboarded in sufficient numbers to prove the business case.

Accounting policies used

The annual report for Amakitu ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross loss

The gross loss comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments in group enterprises is recognised in the financial year where the dividend is declared.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under depreciation.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross loss	**-1.253.000**	**-2.666.994**
2	Staff costs	920	-4.251.791
	Depreciation and writedown relating to tangible fixed assets	70.115	-4.967.941
	Operating profit	**-1.181.965**	**-11.886.726**
	Income from equity investments in group enterprises	0	25.000
	Other financial income	218	29.648
	Other financial costs	-490.461	-614.260
	Results before tax	**-1.672.208**	**-12.446.338**
	Tax on ordinary results	122.000	2.263.205
	Results for the year	**-1.550.208**	**-10.183.133**
	Proposed distribution of the results:		
	Allocated from results brought forward	-1.550.208	-10.183.133
	Distribution in total	**-1.550.208**	**-10.183.133**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
4	Other plants, operating assets, and fixtures and furniture	0	39.885
	Tangible fixed assets in total	0	39.885
	Fixed assets in total	**0**	**39.885**
	Current assets		
	Trade debtors	55.872	43.265
	Receivable corporate tax	122.000	1.190.581
	Other debtors	176.972	496.978
	Accrued income and deferred expenses	0	103.422
	Debtors in total	354.844	1.834.246
	Available funds	992.521	264.890
	Current assets in total	**1.347.365**	**2.099.136**
	Assets in total	**1.347.365**	**2.139.021**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
6	Contributed capital	1.156.155	156.155
8	Results brought forward	-6.615.814	-5.065.606
	Equity in total	**-5.459.659**	**-4.909.451**
	Liabilities		
	Bank debts	6.472.895	6.001.634
	Long-term liabilities in total	6.472.895	6.001.634
	Trade creditors	125.984	104.310
	Other debts	208.145	942.528
	Short-term liabilities in total	334.129	1.046.838
	Liabilities in total	**6.807.024**	**7.048.472**
	Equity and liabilities in total	**1.347.365**	**2.139.021**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

9 Mortgage and securities

Notes

All amounts in DKK.

		2018	2017
1.	**Uncertainties concerning the enterprise's ability to continue as a going concern**		

The Company relies on funding by August 2019, and management has implemented a multi-phased approach to secure this.

1.The company has engaged an advisor to secure the needed financing from outside investors and believes the efforts of the advisor will be successful within a short time.

2.If that fails, the company will ask existing investors to fund continued operations for one more year.

The Management of The Company consider above requirements to be met and the accounts are prepared as a going concern.

		2018	2017
2.	**Staff costs**		
	Salaries and wages	-55.734	4.067.569
	Pension costs	11.281	120.000
	Other costs for social security	7.461	14.705
	Other staff costs	36.072	49.517
		-920	**4.251.791**
	Average number of employees	1	6
3.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2018	6.556.237	6.556.237
	Cost 31 December 2018	**6.556.237**	**6.556.237**
	Amortisation and writedown 1 January 2018	-6.556.237	-1.598.616
	Writedown for the year	0	-4.957.621
	Amortisation and writedown 31 December 2018	**-6.556.237**	**-6.556.237**
	Book value 31 December 2018	**0**	**0**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	50.205	0
	Additions during the year	0	50.205
	Disposals during the year	-50.205	0
	Cost 31 December 2018	**0**	**50.205**
	Depreciation and writedown 1 January 2018	-10.320	0
	Depreciation for the year	0	-10.320
	Depreciation, amortisation and writedown for the year, assets disposed of	10.320	0
	Depreciation and writedown 31 December 2018	**0**	**-10.320**
	Book value 31 December 2018	**0**	**39.885**
5.	**Equity investments in group enterprises**		
	Disposals during the year	0	-250.001
	Cost 31 December 2018	**0**	**-250.001**
	Reversal of prior revaluations	0	250.001
	Writedown 31 December 2018	**0**	**250.001**
	Book value 31 December 2018	**0**	**0**
6.	**Contributed capital**		
	Contributed capital 1 January 2018	156.155	156.155
	Cash capital increase	1.000.000	0
		1.156.155	**156.155**

Own shares:

Own portfolio:

11.489 shares nominal value 11.489 kr., 0,99% of capital.

Warrent programme:

The company has established a warrant programme of maximum 250.000 DKK nominal value shares.

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
7.	**Reserve for development expenditure**		
	Reserve for development expenditure 1 January 2018	0	4.957.621
	Transferred from results brought forward	0	-4.957.621
		0	**0**
8.	**Results brought forward**		
	Results brought forward 1 January 2018	-5.065.606	-1.936.129
	Sales price own shares	0	2.096.035
	Profit or loss for the year brought forward	-1.550.208	-10.183.133
	Transferred from reserve for development expenditure	0	4.957.621
		-6.615.814	**-5.065.606**

9. Mortgage and securities

For bank debts, DKK 6.000.000, the company has provided security in company assets representing a nominal value of DKK 6.000.000. This security comprises the below assets, stating the book values:

Receivable from sales and services	DKK 55.872