

**Coinify ApS**  
Herlev Hovedgade 15B  
2730 Herlev  
Business Registration No  
35847995

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 31.05.2018

### **Chairman of the General Meeting**

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Name: Peter Nordgaard

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## Entity details

### Entity

Coinify ApS  
Herlev Hovedgade 15B  
2730 Herlev

Central Business Registration No (CVR): 35847995  
Registered in: Herlev, Denmark  
Financial year: 01.01.2017 - 31.12.2017

### Board of Directors

Thomas Erland Peter Nilsson, Chairman  
Michael Tandrup  
Lars Andersen  
Stefan Olofsson  
Hans Henrik Hoffmeyer

### Executive Board

Mark Højgaard, Chief Executive Officer

### Bank

Handelsbanken  
Havneholmen 29  
1561 Copenhagen V, Denmark

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
P O Box 1600  
2300 Copenhagen S

## Statement by Management on the annual report

The Executive Board and Board of Directors have today considered and approved the annual report of Coinify ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herlev, 31.05.2018

### Executive Board

Mark Højgaard  
Chief Executive Officer

### Board of Directors

Thomas Erland Peter Nilsson  
Chairman

Michael Tandrup

Lars Andersen

Stefan Olofsson

Hans Henrik Hoffmeyer

# Independent auditor's report

## To the shareholders of Coinify ApS

### Opinion

We have audited the financial statements of Coinify ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to note 1 where it appears that the Company budgets for substantial loss for 2018 and hence negative equity at year-end 2018. Management has presented the financial statements on a going concern basis because it estimates that presently the Company has sufficient liquidity to meet its obligations as they fall due during 2018. In addition, Management expects additional liquidity/capital to be provided by existing or new investors in 2018, and Management can also stop or reduce development costs should such addition prove unsuccessful. This information has not resulted in a modification of our conclusion.

### Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

## Independent auditor's report

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 financial statements 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent 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 internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

## Independent auditor's report

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Michael Thorø Larsen  
State Authorised Public Accountant  
Identification No (MNE) mne35823

## Management commentary

### Primary activities

The company's activity is development and operation of industrial scale virtual currency platform and services in the virtual currency space.

### Development in activities and finances

Through consistent development of Coinify's technology platform large scale international customers have been onboarded 2017 and the Company being a major actor in the European area for digital currencies is now looking to grow beyond.

Both the trading business of buying and selling virtual currencies as well as the merchant business scaled through more than 60 payment service providers globally have grown during 2017, of which the trading business has grown considerably.

The results for 2017 are in line with expectations including high growth in revenues at the end of the year and improvement in the transaction profitability.

The Company realized a loss of DKK 14.1 million in 2017. Equity is positive by DKK 1.8 million at 31 December 2017. The continuing growth strategy of Coinify in 2018, also involves development costs, which are all costs in the Profit and loss statement and the Company budgets for a loss for 2018, and hence a negative equity end 2018 unless further capital is committed as equity as described further below.

Management has presented the financial statements on a going concern basis as it estimates that presently the Company has sufficient liquidity to meet its obligations as they fall due during 2018.

In addition, Management expects additional liquidity to be provided by existing or new investors in 2018, and Management can also stop or reduce development costs should such addition prove unsuccessful. With the additional liquidity provided by investors as a capital increase, the otherwise negative equity will not be negative at the year end 2018.

### Outlook

The Company will continue its expansion in 2018 and improve profit margins growing organically and prudently considering targeted non-organic growth opportunities.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.



## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Gross loss</b>		<b>(3.109.074)</b>	<b>(502.214)</b>
Staff costs	2	(10.855.618)	(6.371.169)
Depreciation, amortisation and impairment losses	3	<u>(28.630)</u>	<u>(206.434)</u>
<b>Operating profit/loss</b>		<b>(13.993.322)</b>	<b>(7.079.817)</b>
Other financial income		1.963	209.176
Other financial expenses		<u>(124.370)</u>	<u>(17.523)</u>
<b>Profit/loss before tax</b>		<b>(14.115.729)</b>	<b>(6.888.164)</b>
Tax on profit/loss for the year		<u>0</u>	<u>666.957</u>
<b>Profit/loss for the year</b>		<b>(14.115.729)</b>	<b>(6.221.207)</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(14.115.729)</u>	<u>(6.221.207)</u>
		<b>(14.115.729)</b>	<b>(6.221.207)</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Acquired licences		37.968	43.391
Goodwill		0	0
<b>Intangible assets</b>	4	<b><u>37.968</u></b>	<b><u>43.391</u></b>
Other fixtures and fittings, tools and equipment		130.920	5.125
<b>Property, plant and equipment</b>	5	<b><u>130.920</u></b>	<b><u>5.125</u></b>
Other receivables		193.844	189.469
<b>Fixed asset investments</b>		<b><u>193.844</u></b>	<b><u>189.469</u></b>
<b>Fixed assets</b>		<b><u>362.732</u></b>	<b><u>237.985</u></b>
Other receivables		52.001.952	3.708.789
<b>Receivables</b>		<b><u>52.001.952</u></b>	<b><u>3.708.789</u></b>
<b>Cash</b>		<b><u>18.344.968</u></b>	<b><u>9.995.616</u></b>
<b>Current assets</b>		<b><u>70.346.920</u></b>	<b><u>13.704.405</u></b>
<b>Assets</b>		<b><u>70.709.652</u></b>	<b><u>13.942.390</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital	6	230.864	204.580
Share premium		30.401.807	22.528.174
Retained earnings		<u>(28.858.898)</u>	<u>(14.743.169)</u>
<b>Equity</b>		<b><u>1.773.773</u></b>	<b><u>7.989.585</u></b>
Convertible and dividend-yielding debt instruments		22.609.375	0
Payables to shareholders and management		0	260
Other payables	7	<u>46.326.504</u>	<u>5.952.545</u>
<b>Current liabilities other than provisions</b>		<b><u>68.935.879</u></b>	<b><u>5.952.805</u></b>
<b>Liabilities other than provisions</b>		<b><u>68.935.879</u></b>	<b><u>5.952.805</u></b>
<b>Equity and liabilities</b>		<b><u>70.709.652</u></b>	<b><u>13.942.390</u></b>
Going concern	1		
Contingent liabilities	8		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Share premium DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	204.580	22.528.174	(14.743.169)	7.989.585
Increase of capital	26.284	7.873.633	0	7.899.917
Profit/loss for the year	0	0	(14.115.729)	(14.115.729)
<b>Equity end of year</b>	<b>230.864</b>	<b>30.401.807</b>	<b>(28.858.898)</b>	<b>1.773.773</b>

## Notes

### 1. Going concern

The Company realized a loss of DKK 14.1 million in 2017. Equity is positive by DKK 1.8 million at 31 December 2017. The continuing growth strategy of Coinify in 2018, also involves development costs, which are all costs in the Profit and loss statement and the Company budgets for a loss for 2018, and hence a negative equity end 2018 unless further capital is committed as equity as described further below.

Management has presented the financial statements on a going concern basis as it estimates that presently the Company has sufficient liquidity to meet its obligations as they fall due during 2018.

In addition, Management expects additional liquidity to be provided by existing or new investors in 2018, and Management can also stop or reduce development costs should such addition prove unsuccessful. With the additional liquidity provided by investors as a capital increase, the otherwise negative equity will not be negative at the year end 2018.

	<u>2017</u>	<u>2016</u>
<b>2. Staff costs</b>		
Average number of employees	<u>18</u>	
	<u>2017</u>	<u>2016</u>
	<u>DKK</u>	<u>DKK</u>
<b>3. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	5.423	25.863
Impairment losses on intangible assets	0	175.448
Depreciation of property, plant and equipment	<u>23.207</u>	<u>5.123</u>
	<u><b>28.630</b></u>	<u><b>206.434</b></u>

## Notes

	<b>Acquired licences DKK</b>	<b>Goodwill DKK</b>	
<b>4. Intangible assets</b>			
Cost beginning of year	54.238	204.405	
<b>Cost end of year</b>	<b>54.238</b>	<b>204.405</b>	
Amortisation and impairment losses beginning of year	(10.847)	(204.405)	
Amortisation for the year	(5.423)	0	
<b>Amortisation and impairment losses end of year</b>	<b>(16.270)</b>	<b>(204.405)</b>	
<b>Carrying amount end of year</b>	<b>37.968</b>	<b>0</b>	
		<b>Other fixtures and fittings, tools and equipment DKK</b>	
<b>5. Property, plant and equipment</b>			
Cost beginning of year		20.495	
Additions		149.002	
<b>Cost end of year</b>		<b>169.497</b>	
Depreciation and impairment losses beginning of year		(15.370)	
Depreciation for the year		(23.207)	
<b>Depreciation and impairment losses end of year</b>		<b>(38.577)</b>	
<b>Carrying amount end of year</b>		<b>130.920</b>	
	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
<b>6. Contributed capital</b>			
Class A shares	100.000	1	100.000
Class B shares	79.626	1	79.626
Class C shares	51.238	1	51.238
	<b>230.864</b>		<b>230.864</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>7. Other payables</b>		
VAT and duties	1.007.055	109.601
Wages and salaries, personal income taxes, social security costs, etc payable	2.860.599	979.424
Other costs payable	42.458.850	4.863.520
	<b>46.326.504</b>	<b>5.952.545</b>

### 8. Contingent liabilities

Rules and practice governing the settlement of VAT and duties on virtual currency activities are considered unclear as the VAT and duty position depends on a specific evaluation of the activities and the mix of activities. As rules and practice become clearer, the Entity's VAT and duty position will be evaluated on a regular basis, and this may lead to resumption in the VAT and/or payroll tax to be settled in the future and in the amounts already reported.

The Entity has entered into two interminable lease which expire 6 and 1 months after the balance sheet date, and the lease commitment can be calculated at tDKK 223.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered on recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Income statement

#### Gross profit or loss

Gross loss comprises revenue, other operating income and external expenses which are recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration determined.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for the Entity's staff.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment as well as intangible assets comprise amortisation, depreciation and impairment losses for the year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment as well as intangible assets.



## Accounting policies

### Other financial income

Other financial income comprise interest income, including net capital gains on foreign currency transactions.

### Other financial expenses

Other financial expenses consist of interest expenses on loans obtained.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit or loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The period of amortisation is ten years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### Intellectual property rights etc

Intellectual property rights etc comprise acquired licenses. The period of amortisation is ten years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Depreciation is provided on a straight-line basis from the following assessment of the assets' expected useful lives:

Other fixtures and fittings, tools and equipment	4 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad debts.

Receivables primarily consist of receivables from service providers. Receivables are denominated in multiple currencies (including cryptocurrencies) and translated into Danish kroner at the balance sheet date.

## Accounting policies

### Cash

Cash comprises cash in advances from credit institutions. All foreign currencies are translated into Danish kroner at the balance sheet date

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually equals nominal value.

Other payables primarily consist of payables to customers. Payables to customers are denominated in multiple currencies and translated into Danish kroner at the balance sheet date.

# ΠΕΝΝΕΟ

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

## Hans Henrik Hoffmeyer

Bestyrelsesmedlem

Serial number: PID:9208-2002-2-571644926202

IP: 152.115.73.138

2018-06-06 12:52:31Z

NEM ID 

## Lars Andersen

Bestyrelsesmedlem

Serial number: PID:9208-2002-2-915926638200

IP: 31.3.72.50

2018-06-06 13:37:32Z

NEM ID 

## TOMAS NILSSON

Bestyrelsesformand

Serial number: 19540930xxxx

IP: 83.251.24.64

2018-06-06 19:49:16Z



## Mark Højgaard

Adm. direktør

On behalf of: Coinify A/S

Serial number: PID:9208-2002-2-918493874128

IP: 83.88.147.155

2018-06-07 13:20:44Z

NEM ID 

## STEFAN OLOFSSON

Bestyrelsesmedlem

Serial number: 19680601xxxx

IP: 129.178.88.88

2018-06-07 15:18:35Z



## Michael Tandrup

Bestyrelsesmedlem

Serial number: PID:9208-2002-2-635767045136

IP: 128.76.234.228

2018-06-10 12:28:25Z

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