

Annual report 2020

Coinify ApS A
Højbro Plads 10, 4.
1200 Copenhagen
CVR No. 35847995

The Annual General Meeting adopted
the annual report in 26.05.2021

Martin Dahl Carstensen
Chairman of the General Meeting

Contents

Entity details.....	3
Statement by Management.....	4
Independent auditors report.....	5
Management commentary.....	7
Income statement for 2020.....	9
Balance sheet at 31.12.2020.....	10
Statement of changes in equity for 2020.....	12
Notes.....	13
Accounting policies.....	16



Entity details

Entity

Coinify ApS
Højbro Plads 10, 4.
1200 Copenhagen

CVR No.: 35847995
Registered office: Copenhagen
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Michael Tandrup
Hans Henrik Hoffmeyer
Lars Andersen
Susanne Brønnum-Hyttel
Alfred Walter Moeckli, Chairman

Executive Board

Mark Højgaard, CEO
Hans Henrik Hoffmeyer, COO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S



Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Coinify ApS for the financial year 01.01.2020 - 31.12.2020

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020

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.

Copenhagen, 26.05.2021

Executive Board

Mark Højgaard
CEO

Hans Henrik Hoffmeyer
COO

Board of Directors

Michael Tandrup

Hans Henrik Hoffmeyer

Lars Andersen

Susanne Brønnum-Hyttel

Alfred Walter Moeckli
Chairman



Independent auditor's report

To the shareholders of Coinify ApS

Opinion

We have audited the financial statements of Coinify ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020, 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.

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 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.

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, 26.05.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556


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


Lars Dalggaard Agersted
State Authorised Public Accountant
Identification No (MNE) mne46258



Management commentary

Primary activities

The objective of Coinify is to offer businesses and consumers conversion between traditional currencies and digital and crypto currencies in a compliant and secure process for businesses, investors and consumers. This activity is provided with Coinify's Compliant Global Payment and Currency Conversion Platform.

Description of material changes in activities and finances

Coinify continued the global expansion and our solutions are now available in 150 countries and we experienced continued growth in all areas of the business.

Notable milestones have been; the successful regulatory oversight of Coinify's services under the Fifth Anti Money Laundering Directive, and the continued regulatory compliance dialogue across all jurisdictions. As the market is maturing from a regulatory compliance standpoint, we saw more traditional companies exploring partnerships with Coinify's regulatory compliant blockchain based payment platform.

We additionally saw an increase in the demand for Coinify's newly developed services such as business-to-business instant invoice payments and Coinify's easy-to-deploy widget solution.

Like for everyone else, 2020 was a year where a lot of things changed. Coinify managed to adapt to these changes and come out of the year stronger than ever. The most important milestone was for Coinify to become a break even company in strong growth.

We also achieved a lot of other important goals during 2020; as Coinify became fully registered with the Danish Financial Services Authority, moving the whole organisation to working remotely and maintaining the same level of performance, onboard 35+ new partners, helping law enforcement and government agencies settle seized crypto currencies, introducing a new Coinify Premium solution as well as moving our physical office location to the city center of Copenhagen.

Coinify also had the first inspection by the Danish Financial Services Authorities, which was completed successfully and two injunctions were immediately remedied to the satisfaction of the Authorities. We continue to be in close dialogue with the authorities both in Denmark and in several other jurisdictions.

One of our new features which saw a strong customer adoption was our 'Sell' functionality which allows crypto currency holders to sell their coins in exchange for fiat funds. We expanded our banking network and were able to add an additional 7 fiat currencies to our offering.

Development in activities and finances

Coinify continued the strong growth in its business in 2020 with a 24% volume increase compared to 2019 - this despite a general contracting market capitalization for virtual currencies during the initial phase of the pandemic.



In 2020 our revenue grew 36% compared to 2019 and Coinify registered a 21% improvement in the margin contribution compared to 2019 and continues to prove an ability to increase profitability in a competitive market. In 2020 Coinify continued with significant planned investments in our technology platform and strengthened organisational development, building Coinify as an industrial-strength multi-currency global operator.

Profit/loss for the year in relation to expected developments

Coinify realized a profit of DKK 14 thousand in 2020, which was better than expected due to a positive development throughout the year.

Statutory report on corporate social responsibility

Since 2018, Coinify has been committed to the United Nations Global Compact - Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. Our 2020/2021 COP reporting included an increased focus on the areas of labour and environment. Coinify prouids itself of working towards the SDG 5 and SDG 9 - on Gender Equality and Building an Innovative Infrastructure. Furthermore Coinify is reporting on the ESG framework which has been introduced across all Danish companies who are contributing to the UN Global Compact.

In 2020 Coinify decided to implement targets linked directly to the ESGs put forward by Finansforbundet and the Global Compact team in Denmark. The targets were unanimously approved at board level with commitment throughout the organisation to support these ambitious goals.

Outlook

After a strong 2020 performance Coinify is very optimistic about 2021. Our industry continues to mature as several companies started adding bitcoin to their balance sheet by investing significant amounts of their own funds, which creates even more opportunities for our organization. The early months of 2021 have been dedicated to further strengthening our organisation by adding additional skilled and diverse people to the team.

As an industry leader in the virtual currency payment infrastructure space, we believe consolidation will continue, with a focus on scale through partnering and execution of a global strategy. Coinify will continue its expansion in 2021, and will continue to focus on profit margins and organic growth while targeting non-organic growth opportunities on an individual basis.

Furthermore nation states and central banks have started to look at centrally issued digital currencies. Switzerland was among the first to launch and Coinify was excited to be the payment processor for the world's first e-commerce purchase using a synthetic central bank backed digital currency - the DCHF. The transaction was completed through the website of our partner Digitec Galaxus successfully buying an iPad.

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 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		19,312,755	7,550,338
Staff costs	1	(20,330,352)	(20,133,385)
Depreciation, amortisation and impairment losses	2	(170,168)	(142,977)
Operating profit/loss		(1,187,765)	(12,726,024)
Other financial income		1,603,337	209,530
Other financial expenses		(402,236)	(702,475)
Profit/loss before tax		13,336	(13,218,969)
Tax on profit/loss for the year		69	2,787,853
Profit/loss for the year		13.405	(10,431,116)
Proposed distribution of profit and loss			
Retained earnings		13.405	(10,431,116)
Proposed distribution of profit and loss		13.405	(10,431,116)



Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired licences		21,699	27,122
Intangible assets	3	21,699	27,122
Other fixtures and fittings, tools and equipment		248,857	375,266
Property, plant and equipment	4	248,857	375,266
Investments in group enterprises		80,000	0
Other receivables		289,000	299,313
Financial assets		369,000	299,313
Fixed assets		639,556	701,701
Manufactured goods and goods for resale		7,364,464	1,243,346
Inventories	5	7,364,464	1,243,346
Receivables from group enterprises		463,053	0
Other receivables		4,601,617	4,283,038
Receivables		5,064,670	4,283,038
Cash		27,913,426	20,353,957
Current assets		40,342,560	25,880,341
Assets		40,982,116	26,582,042



Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	6	393,884	377,445
Share premium		77,718,083	69,800,063
Retained earnings		(61,356,606)	(61,370,011)
Equity		16,755,361	8,807,497
Convertible and dividend-yielding debt instruments		0	1,547,563
Other payables	7	24,226,755	16,226,982
Current liabilities other than provisions		24,226,755	17,774,545
Liabilities other than provisions		24,226,755	17,774,545
Equity and liabilities		40,982,116	26,582,042
Contingent liabilities	8		





Statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	377,445	69,800,063	(61,370,011)	8,807,497
Increase of capital	16,439	7,918,020	0	7,934,459
Profit/loss for the year	0	0	13,405	13,405
Equity end of year	393,884	77,718,083	(61,356,606)	16,755,361



Notes

1 Staff costs	2020 DKK	2019 DKK
Average number of full-time employees	28	29

2 Depreciation, amortisation and impairment losses	2020 DKK	2019 DKK
Amortisation of intangible assets	5,423	5,423
Depreciation of property, plant and equipment	167,883	137,554
Profit/loss from sale of intangible assets and property, plant and equipment	(3,138)	0
	170,168	142,977

3 Intangible assets	Acquired licences DKK
Cost beginning of year	54,238
Cost end of year	54,238
Amortisation and impairment losses beginning of year	(27,116)
Amortisation for the year	(5,423)
Amortisation and impairment losses end of year	(32,539)
Carrying amount end of year	21,699



4 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	666,945
Additions	46,936
Disposals	(60,963)
Cost end of year	652,918
Depreciation and impairment losses beginning of year	(291,679)
Depreciation for the year	(167,883)
Reversal regarding disposals	55,501
Depreciation and impairment losses end of year	(404,061)
Carrying amount end of year	248,857

5 Inventories

The inventory comprises of cryptocurrencies which are measured at cost based on the FIFO-method less accumulated depreciation, impairment losses and costs of sale.

6 Share capital

	Number	Par value DKK	Nominal value DKK
Class A shares	100,164	1	100,164
Class B shares	128,216	1	128,216
Class C shares	165,504	1	165,504
	393,884		393,884



7 Other payables

	2020 DKK	2019 DKK
VAT and duties	948,915	599,892
Wages and salaries, personal income taxes, social security costs, etc payable	3,716,295	1,886,997
Other costs payable	19,561,545	13,740,093
	24,226,755	16,226,982

8 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, Coinify Technologies ApS and Coinify Financial Services ApS and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

The Entity has entered into several interminable lease which expire between 2 and 4 months after the balance sheet date, and the lease commitment can be calculated at 2.287 tDKK.



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 at 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 profit or loss comprises revenue, other operating income and external expenses (cost of sales), which are recognised in the income statement when delivery is made to the buyer.

Revenue

Revenue is recognised net of VAT, duties, sales discounts and potential fluctuations of cryptocurrencies exchange rate as a part of the buy and sell process of cryptocurrencies.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.



Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

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

Other financial expenses

Other operating expenses comprise interest expenses, including net capital loss on foreign currency transactions as well as cryptocurrencies.

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 the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Intellectual property rights etc

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

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

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. Land is not depreciated.

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. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.



Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Inventories

The inventory comprises of cryptocurrencies which are measured at cost based on the FIFO-method less accumulated depreciation, impairment losses and costs of sale.

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

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 corresponds to nominal value.

Other payables primarily consists 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."

Martin Dahl Carstensen

Dirigent

Serial number: PID:9208-2002-2-377167825075

IP: 54.155.xxx.xxx

2021-05-26 23:59:13Z

NEM ID 

Alfred Moeckli

Bestyrelsesformand

On behalf of: Moeckli Finance and Management Ltd.

Serial number: alfred@moeckli-fm.com

IP: 92.184.xxx.xxx

2021-05-27 06:17:13Z



Lars Andersen

Bestyrelsesmedlem

On behalf of: Seed Capital Denmark III K/S

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

IP: 87.60.xxx.xxx

2021-05-27 06:32:56Z

NEM ID 

Susanne Brønnum-Hyttel

Bestyrelsesmedlem

On behalf of: SBRON ApS

Serial number: PID:9208-2002-2-675504824020

IP: 80.199.xxx.xxx

2021-05-27 07:17:26Z

NEM ID 

Hans Henrik Hoffmeyer

Bestyrelsesformand

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

IP: 87.59.xxx.xxx

2021-05-27 07:31:07Z

NEM ID 

Michael Tandrup

Bestyrelsesmedlem

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

IP: 80.63.xxx.xxx

2021-05-27 08:40:22Z

NEM ID 

Penneo document key: XF2B0-KVEI1-JWL2A-VOCIZ-EHJF0-0431T

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>