Stablecoin Integration Services Danmark ApS

c/o Univate by Symbion, Njalsgade 76, 2300 København S, 2300 København S

Annual report

1 January - 31 December 2021

Company reg. no. 39 72 94 82

The annual report was submitted and approved by the general meeting on the 29 June 2022.

Torben René Jørgensen
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of Stablecoin Integration Services Danmark ApS for the financial year 1 January - 31 December 2021.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København S, 29 June 2022

Managing Director

Torben René Jørgensen

Independent auditor's report

To the Shareholders of Stablecoin Integration Services Danmark ApS

Opinion

We have audited the financial statements of Stablecoin Integration Services Danmark ApS for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 Company’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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 Management’s Review

Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 29 June 2022

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson
State Authorised Public Accountant
mne25346

Company information

The company	Stablecoin Integration Services Danmark ApS c/o Univate by Symbion, Njalsgade 76, 2300 København S 2300 København S	
	Company reg. no.	39 72 94 82
	Financial year:	1 January - 31 December 3rd financial year
Managing Director	Torben René Jørgensen	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
Parent company	Universal DeFi Holding Company Limited	

Management´s review

The principal activities of the company

Like previous years, the activities are software development.

Development in activities and financial matters

The gross profit for the year totals DKK 86.101.000 against DKK 9.085.000 last year. Income or loss from ordinary activities after tax totals DKK -15.476.000 against DKK -19.241.000 last year. Management considers the net profit or loss for the year satisfactory.

Accounting policies

The annual report for Stablecoin Integration Services Danmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

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 social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

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 less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Financial fixed assets

Deposits

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

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Cryptocurrencies

Inventories including cryptocurrencies are measured at cost based on the basis of weighted measured average prices. If the net realisation value, i.e. the market price, of inventories is lower than the cost price, it shall be written down for impairment to this lower value.

Cost includes acquisition cost plus any related purchase costs.

The net realisation value is calculated as a selling price, i.e. the market price less costs incurred to effectuate sales. The net realisation value is determined with due consideration to negotiability and developments in the expected selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross profit	**86.101.114**	**9.084.511**
1	Staff costs	-100.031.399	-28.292.094
	Depreciation and impairment of property, land, and equipment	-9.361	-11.638
	Operating profit	**-13.939.646**	**-19.219.221**
	Other financial income	328	7.527
	Impairment of financial assets	-1.511.003	0
	Other financial expenses	-26.015	-29.175
	Pre-tax net profit or loss	**-15.476.336**	**-19.240.869**
	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**-15.476.336**	**-19.240.869**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-15.476.336	-19.240.869
	Total allocations and transfers	**-15.476.336**	**-19.240.869**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
2	Other fixtures and fittings, tools and equipment	0	9.361
	Total property, plant, and equipment	0	9.361
3	Deposits	15.000	82.528
	Total investments	15.000	82.528
	Total non-current assets	**15.000**	**91.889**
	Current assets		
	Manufactured goods and goods for resale	10.785.090	30.256.023
	Total inventories	10.785.090	30.256.023
	Trade receivables	10.252.274	9.648.887
	Income tax receivables	16.000	0
	Other receivables	95.341	1.334.738
	Prepayments	2.869	16.535
	Total receivables	10.366.484	11.000.160
	Cash and cash equivalents	1.223.665	348.788
	Total current assets	**22.375.239**	**41.604.971**
	Total assets	**22.390.239**	**41.696.860**

Balance sheet at 31 December

All amounts in DKK.

Note	**Equity and liabilities**	2021	2020
	Equity		
	Contributed capital	40.000	40.000
	Retained earnings	21.992.430	37.468.766
	Total equity	**22.032.430**	**37.508.766**
	Long term labilities other than provisions		
	Other payables	0	1.866.807
	Total long term liabilities other than provisions	0	1.866.807
	Trade payables	102.666	942.881
	Other payables	255.143	1.378.406
	Total short term liabilities other than provisions	357.809	2.321.287
	Total liabilities other than provisions	**357.809**	**4.188.094**
	Total equity and liabilities	**22.390.239**	**41.696.860**
4	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	40.000	37.468.766	37.508.766
Profit or loss for the year brought forward	0	-15.476.336	-15.476.336
	40.000	**21.992.430**	**22.032.430**

Notes

All amounts in DKK.

		2021	2020
1.	**Staff costs**		
	Salaries and wages	100.018.903	28.260.665
	Other costs for social security	12.496	31.429
		100.031.399	**28.292.094**
	Average number of employees	11	9
2.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	29.025	46.704
	Disposals during the year	0	-17.679
	Cost 31 December 2021	**29.025**	**29.025**
	Depreciation and writedown 1 January 2021	-19.664	-11.954
	Depreciation for the year	-9.361	-9.674
	Depreciation, amortisation and writedown for the year, assets disposed of	0	-1.964
	Adjustment of writedown, opening balance	0	3.928
	Depreciation and writedown 31 December 2021	**-29.025**	**-19.664**
	Carrying amount, 31 December 2021	**0**	**9.361**
3.	**Deposits**		
	Cost 1 January 2021	82.528	82.528
	Disposals during the year	-67.528	0
	Cost 31 December 2021	**15.000**	**82.528**
	Carrying amount, 31 December 2021	**15.000**	**82.528**

4. Contingencies

Contingent liabilities

The company has no contingencies on 31 December 2021.