

e-Money A/S

Dampfærgevej 27, 5., 2100 København Ø


CVR no. 40 71 73 82

Annual report 2019/20

(As of the establishment of the Company 16 August 2019 - 31 December 2020)

Approved at the Company's annual general meeting on 11 June 2021

Chair of the meeting:



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Martin Dyring-Andersen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of e-Money A/S for the financial year as of the establishment of the Company 16 August 2019 - 31 December 2020.

The annual report is prepared in accordance with 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 2020 and of the results of the Company's operations for the financial year as of the establishment of the Company 16 August 2019 - 31 December 2020.

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

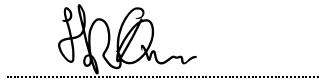
We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 11 June 2021
Executive Board:

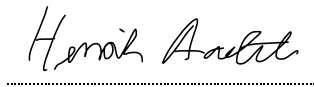


Martin Dyring-Andersen

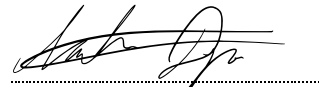
Board of Directors:



Henrik Ørum
Chair



Henrik Aasted Sørensen



Martin Dyring-Andersen

Independent auditor's report

To the shareholder of e-Money A/S

Opinion

We have audited the financial statements of e-Money A/S for the financial year as of the establishment of the Company 16 August 2019 - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year as of the establishment of the company 16 August 2019 - 31 December 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

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 as to 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 the 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 Company's internal control.

Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

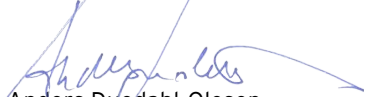
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

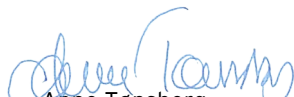
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially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

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

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 11 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Anders Duedahl-Olesen
State Authorised Public Accountant
mne24732


Anne Tønsberg
State Authorised Public Accountant
mne32121

Management's review

Company details

Name	e-Money A/S
Address, Postal code, City	Dampfærgevej 27, 5., 2100 København Ø
CVR no.	40 71 73 82
Established	16 August 2019
Registered office	Copenhagen
Financial year	16 August 2019 - 31 December 2020
Board of Directors	Henrik Ørum, Chair Henrik Aasted Sørensen Martin Dyring-Andersen
Executive Board	Martin Dyring-Andersen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The Company's core activity is to issue virtual currency and trade in connection therewith.

Financial review

The income statement for 2019/20 shows a profit of DKK 7,386,617, and the balance sheet at 31 December 2020 shows equity of DKK 7,786,617. Management considers the Company's financial performance in the year as expected.

Events after the balance sheet date

No events have occurred after the balance sheet date that may have a significant influence on the assessment of the annual report.

Covid-19 has not affected the financial statement for 2020.

Financial statements for the period 16 August 2019 - 31 December 2020

Income statement

Note	DKK	2019/20 17 months
	Gross profit	9,063,502
	Financial income	506,053
	Financial expenses	-99,533
	Profit before tax	9,470,022
	Tax for the year	-2,083,405
	Profit for the year	7,386,617
	Recommended appropriation of profit	
	Retained earnings	7,386,617
		7,386,617

Financial statements for the period 16 August 2019 - 31 December 2020

Balance sheet

Note	DKK	<u>2019/20</u>
	ASSETS	
	Non-fixed assets	
3	Inventories	
	Crypto assets	2,458,426
		<u>2,458,426</u>
	Receivables	
	Receivables from group enterprises	1,311,244
		<u>1,311,244</u>
4	Cash	7,086,793
	Total non-fixed assets	<u>10,856,463</u>
	TOTAL ASSETS	<u>10,856,463</u>
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	400,000
	Retained earnings	7,386,617
	Total equity	<u>7,786,617</u>
	Liabilities other than provisions	
	Current liabilities other than provisions	
	Trade payables	82,375
	Corporation tax payable	2,083,405
5	Other payables	904,066
		<u>3,069,846</u>
		<u>3,069,846</u>
	TOTAL EQUITY AND LIABILITIES	<u>10,856,463</u>

- 1 Accounting policies
- 2 Staff costs
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral

Financial statements for the period 16 August 2019 - 31 December 2020

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	400,000	0	400,000
Transfer through appropriation of profit	0	7,386,617	7,386,617
Equity at 31 December 2020	<u>400,000</u>	<u>7,386,617</u>	<u>7,786,617</u>

Financial statements for the period 16 August 2019 - 31 December 2020

Notes to the financial statements

1 Accounting policies

The annual report of e-Money A/S for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Income statement

Revenue

e-Money A/S is issuer of NGM Tokens where no obligation exists for the issuer. NGM Tokens are afterwards sold to third parties.

Income from the sale of NGM tokens is recognised when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Income is recognised on fair value of the proceeds received from the sales in either FIAT- or Cryptocurrency.

Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from realised capital gains and losses relating to Cryptoassets, exchange gains and losses of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Financial statements for the period 16 August 2019 - 31 December 2020

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other liabilities related to payments received concerning issued stablecoins, which is recognised at the date of issuance at the net proceeds received less transaction costs paid. E-Money is issuer of stablecoins and have a constructive obligation to the buyer. On subsequent recognition, financial liabilities are measured at amortised cost.

Any other liabilities are measured at net realisable value.

Financial statements for the period 16 August 2019 - 31 December 2020

Notes to the financial statements

2 Staff costs

The Company has no employees.

3 Inventories

The total fair value of the crypto asset portfolio at year end is DKK 2,775 thousand.

4 Cash

The total amount of cash related to the stablecoin issuance at year end is DKK 6,482 thousand.

5 Other payables

Stablecoins balances	904,066
	<u>904,066</u>

Other Payables comprises of a constructive obligation to pay back holders of the stablecoins issued by the company. The obligation comprises of the corresponding cash value of the respective currency backed token.

The company have acquired own stablecoins for a total value of DKK 5,578 thousand, which has been deducted in other liabilities to present to actual liability to third parties.

6 Contractual obligations and contingencies, etc.

As a consolidated entity, the Company has joint and several unlimited liability, together with other consolidated entities, for all Danish corporation taxes and withholding taxes on dividend, interest and royalties within the joint taxation group.

The jointly taxed entities' total known net liability to the Danish tax authorities is disclosed in the administrative company's financial statements, VRTY Capital ApS (CVR-no. 29928606).

Any subsequent corrections of income subject to joint taxation and withholding tax, etc., may entail that the Company's liability increases.

7 Collateral

As security for the Company's debt to their bank, the Company has pledged all present and future securities and credit balances held within the bank. The total carrying amount of these assets is at the balance sheet date DKK 7,086 thousand.