

Martin Dyring-Andersen Holding ApS

Århusgade 88, 3, 2100 Copenhagen

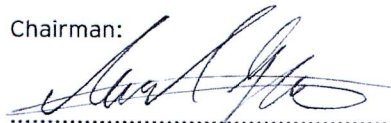
CVR no. 29 92 86 06

Annual report

for the year 1 January - 31 December 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:



Martin Dyring-Andersen

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Martin Dyring-Andersen Holding ApS for the financial year 1 January - 31 December 2018.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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

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

Copenhagen, 31 May 2019
Executive Board:



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Martin Dyring-Andersen

Independent auditor's report

To the shareholder of Martin Dyring-Andersen Holding ApS

Opinion

We have audited the financial statements of Martin Dyring-Andersen Holding ApS for the financial year 1 January - 31 December 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 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 (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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ 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, 31 May 2019

ERNST & YOUNG
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	Martin Dyring-Andersen Holding ApS
Address, Postal code, City	Århusgade 88, 3, 2100 Copenhagen
CVR no.	29 92 86 06
Established	26 September 2006
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Martin Dyring-Andersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial review

The income statement for 2018 shows a profit of DKK 4,345,181 against a profit of DKK 14,276,152 last year, and the balance sheet at 31 December 2018 shows equity of DKK 23,076,460. Management considers the Company's financial performance in the year satisfactory.

In 2017, the Company established the subsidiary Block Finance A/S. The Company is still in the process of being established, but in 2019, it has developed financial software that is used in the subsidiary Validator ApS.

In 2018, two residential apartments were acquired. Further, the Company has invested in crypto assets which, from 2018, has changed classification from intangible assets to inventories, as a result of the trading activity in crypto assets

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2018	2017
	Gross profit	5,443,306	13,831,076
2	Staff costs	-511,143	0
	Depreciation of equipment	-65,711	0
	Profit before net financials	4,866,452	13,831,076
	Other Financial Income	2,779,717	3,750,000
	Write-down on investments	-1,627,008	0
	Financial expenses	-690,734	-289,797
	Profit before tax	5,328,427	17,291,279
3	Tax for the year	-983,246	-3,015,127
	Profit for the year	<u>4,345,181</u>	<u>14,276,152</u>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	108,000	105,800
	Retained earnings	4,237,181	14,170,352
		<u>4,345,181</u>	<u>14,276,152</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2018</u>	<u>2017</u>
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
5	Investment property	5,117,880	0
	Fixtures and fittings and equipment	364,395	0
		<u>5,482,275</u>	<u>0</u>
	Investments		
	Investments in group enterprises	3,527,113	204,121
	Investments in associates	67,140	67,140
		<u>3,594,253</u>	<u>271,261</u>
	Total fixed assets	<u>9,076,528</u>	<u>271,261</u>
	Non-fixed assets		
6	Inventories		
	Crypto assets	3,542,914	10,501,360
		<u>3,542,914</u>	<u>10,501,360</u>
	Receivables		
	Deferred tax assets	1,043,425	0
	Other receivables	32,886	0
		<u>1,076,311</u>	<u>0</u>
	Securities and investments	8,691,392	4,345,122
	Cash	2,995,164	6,746,119
	Total non-fixed assets	<u>16,305,781</u>	<u>21,592,601</u>
	TOTAL ASSETS	<u>25,382,309</u>	<u>21,863,862</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	125,000	125,000
	Retained earnings	22,843,460	18,606,279
	Dividend proposed	108,000	105,800
	Total equity	<u>23,076,460</u>	<u>18,837,079</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	137,500	125,000
	Payables to group enterprises	486,158	0
	Corporation tax payable	1,537,463	2,877,162
	Payables to shareholders and Management	3,117	24,621
	Deposits	119,700	0
	Other payables	21,911	0
		<u>2,305,849</u>	<u>3,026,783</u>
	Total liabilities other than provisions	<u>2,305,849</u>	<u>3,026,783</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>25,382,309</u></u>	<u><u>21,863,862</u></u>

1 Accounting policies

7 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	125,000	18,606,279	18,837,079
Transfer through appropriation of profit	0	4,237,181	4,345,181
Dividend	0	0	-105,800
Equity at 31 December 2018	<u>125,000</u>	<u>22,843,460</u>	<u>23,076,460</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Martin Dyring-Andersen Holding ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

The classification of the crypto assets has been changed from intangible assets to inventory in comparison to 2017. The comparative figures have been adjusted as well.

DKK 10.501 thousand has been reclassified from Intangible assets to inventories in 2017.

In the income statement for 2017 a reclassification on DKK 14.034 thousand has been reclassified from Financial income to Gross profit. There has been no effect on profit for the year, equity and total assets.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Except for the above-mentioned changes, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Investment property

On initial recognition, investment property is measured at cost. Investment property is subsequently measured at fair value, and the value adjustment for the year is recognised in the income statement under the item "Fair value adjustment of investment property". The fair value is based on the expected future cash flows for the investment property.

Income statement

Gross profit

The items revenue, cost of sales 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.

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, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings and equipment	5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Balance sheet

Property, plant and equipment

Items of equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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.

Receivables

Receivables are measured at amortised cost.

Securities and investments

Securities and investments consisting of investment in investment funds certificates (in Danish: investeringsforeningsbeviser) are measured at fair value (fair value level 1) at the balance sheet date. Further securities and investments consist of gold measured at fair value (fair value level 1).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 payables are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2018	2017
2 Staff costs		
Wages/salaries	507,487	0
Other social security costs	3,656	0
	<u>511,143</u>	<u>0</u>
 Average number of full-time employees	 <u>1</u>	 <u>0</u>
 3 Tax for the year		
Estimated tax charge for the year	2,023,621	2,913,208
Deferred tax adjustments in the year	-1,043,425	101,919
Tax adjustments, prior years	3,050	0
	<u>983,246</u>	<u>3,015,127</u>

4 Property, plant and equipment

DKK	Investment property	Fixtures and fittings and equipment	Total
Additions	5,117,880	430,106	5,547,986
Cost at 31 December 2018	5,117,880	430,106	5,547,986
Depreciation	0	65,711	65,711
Impairment losses and depreciation at 31 December 2018	0	65,711	65,711
Carrying amount at 31 December 2018	<u>5,117,880</u>	<u>364,395</u>	<u>5,482,275</u>

5 Investment property

The Company Group invests in rental property. Investment property is recognised at fair value with adjustment through the income statement. As the rental properties have been acquired in 2018 no adjustment have taken place in 2018.

6 Inventories

The total fair value of the crypto asset portfolio at year-end is DKK 38.606.056

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2018 onwards as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

The company has issued an option to employees in Block Finance A/S to acquire up to 1.700.000 shares in Block Finance A/S at a value of 1 DKK per share under certain conditions. As of the reporting date, the option has not been called.