

# Paiblock A/S


Engager 2, 2605 Brøndby

CVR no. 32 30 45 32

## Annual report 2023/24

Approved at the Company's annual general meeting on 7 August 2024

Chair of the meeting:



.....  
Mark Arthur

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditors' report on the compilation of financial statements	3
Management's review	4
Financial statements 1 February 2023 - 31 January 2024	5
Income statement	5
Balance sheet	6
Statement of changes in equity	8
Notes to the financial statements	9

## 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 Paiblock A/S for the financial year 1 February 2023 - 31 January 2024.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Board of Directors and the Executive Board have considered the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 January 2024 and of the results of the Company's operations for the financial year 1 February 2023 - 31 January 2024.

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.

Brøndby, 7 August 2024  
Executive Board




Mark Arthur

Board of Directors:



Peder Lindstrøm Olesen  
Chairman



Stig Bo Birch



Mark Arthur

## Independent auditor's report on the compilation of financial statements

To the general management of Paiblock A/S

We have compiled the financial statements of Paiblock A/S for the financial year 1 February 2023 - 31 January 2024 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

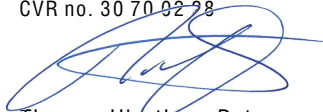
We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements in the Danish Auditors Act and International Ethics Standards Board for Professional Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 7 August 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Thomas Hjortkjær Petersen  
State Authorised Public Accountant  
mne33748

## Management's review

### Company details

Name	Paiblock A/S
Address, Postal code, City	Engager 2, 2605 Brøndby
CVR no.	32 30 45 32
Established	9 August 2011
Registered office	Brøndby
Financial year	1 February 2023 - 31 January 2024
Board of Directors	Peder Lindstrøm Olesen, Chairman Stig Bo Birch Mark Arthur
Executive Board	Mark Arthur
Accountant	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

### Management commentary

#### Business review

The company's main activities consist of development and operation of a digital wallet and payment system in both Denmark and abroad, consulting and trading as well as related business.

#### Financial review

The income statement for 2023/24 shows a loss of EUR 555,722 against a profit of EUR 3,101,445 last year, and the balance sheet at 31 January 2024 shows equity of EUR 2,351,556.

Management considers the Company's financial performance in the year satisfactory.

#### Research and development activities

The company is subject to supervision by the Danish Financial Supervisory Authority, and thus meets the requirements on money laundering and dividend financing of terrorism.

#### Outlook

Management expects a positive development in the company's result in the coming years.

## Financial statements 1 February 2023 - 31 January 2024

### Income statement

Note	EUR	2023/24	2022/23
	Gross profit	223,039	4,154,579
2	Staff costs	-16,216	-27,171
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-916,719	-425,006
	Other operating expenses	0	-66,761
	Profit/loss before net financials	-709,896	3,635,641
3	Financial expenses	-2,568	-2,355
	Profit/loss before tax	-712,464	3,633,286
	Tax for the year	156,742	-531,841
	Profit/loss for the year	-555,722	3,101,445
	Recommended appropriation of profit/loss		
	Other statutory reserves	-647,576	0
	Retained earnings	91,854	3,101,445
		-555,722	3,101,445

## Financial statements 1 February 2023 - 31 January 2024

### Balance sheet

Note	EUR	<u>2023/24</u>	<u>2022/23</u>
	ASSETS		
	Fixed assets		
4	Intangible assets		
	Completed development projects	2,816,012	3,005,670
	Development projects in progress and prepayments for intangible assets	<u>0</u>	<u>703,083</u>
		<u>2,816,012</u>	<u>3,708,753</u>
5	Investments		
	Deposits, investments	<u>5,947</u>	<u>9,206</u>
		<u>5,947</u>	<u>9,206</u>
	Total fixed assets	<u>2,821,959</u>	<u>3,717,959</u>
	Non-fixed assets		
	Receivables		
	Cryptocurrency (Intangible assets)	646,777	479,876
	Other receivables	16,891	18,050
	Prepayments	<u>30,429</u>	<u>12,579</u>
		<u>694,097</u>	<u>510,505</u>
	Cash	<u>48,656</u>	<u>79,684</u>
	Total non-fixed assets	<u>742,753</u>	<u>590,189</u>
	TOTAL ASSETS	<u>3,564,712</u>	<u>4,308,148</u>

## Financial statements 1 February 2023 - 31 January 2024

### Balance sheet

Note	EUR	<u>2023/24</u>	<u>2022/23</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
6	Share capital	89,743	89,743
	Reserve for development costs	2,478,091	3,125,667
	Retained earnings	-216,278	-308,132
	<b>Total equity</b>	<u>2,351,556</u>	<u>2,907,278</u>
	Provisions		
	Deferred tax	375,099	531,841
	<b>Total provisions</b>	<u>375,099</u>	<u>531,841</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Payables to group enterprises	272,019	273,276
	Payables to shareholders and management	7,090	20,110
	Other payables	558,948	575,643
		<u>838,057</u>	<u>869,029</u>
	<b>Total liabilities other than provisions</b>	<u>838,057</u>	<u>869,029</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,564,712</u>	<u>4,308,148</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties



## Financial statements 1 February 2023 - 31 January 2024

### Statement of changes in equity

EUR	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 February 2022	89,743	3,125,667	-3,409,577	-194,167
Transfer through appropriation of profit	0	0	3,101,445	3,101,445
Equity at 1 February 2023	89,743	3,125,667	-308,132	2,907,278
Transfer through appropriation of loss	0	-647,576	91,854	-555,722
Equity at 31 January 2024	89,743	2,478,091	-216,278	2,351,556

## Financial statements 1 February 2023 - 31 January 2024

### Notes to the financial statements

#### 1 Accounting policies

The annual report of PAIBLOCK A/S for 2023/24 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.

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

The accounting policies set out below have been applied consistently in respect of the financial year and to comparative figures, except for change in presentation and functional currency as set out below.

#### Changes in accounting policies

Financial statements for 2022/23 are presented in EUR (EUR'000). The company changed its functional currency from DKK to EUR as a consequence of a change in revenue activity as explained below. As a consequence of this change in functional currency the presentation currency also changed to EUR. The impact of the conversion is EUR 0. See "Statement of changes in Equity at 31 January".

During the financial year 2022/23, the revenue activity has changed. Prior years, "Revenue" consisted of royalties from the subsidiary Paiblock Inc. for rights to the intangible asset. Now the revenue activity is solely generated from sale of internally developed NFT's. These are sold and recorded in EUR. The change in revenue activity has resulted in changes to the accounting policies of the currency in which the transactions are measured and the financial statements are presented from previously DKK to EUR from 1 February 2022.

The accounting policies used in the preparation of the financial statements are otherwise consistent with those of last year. Comparative figures have been restated to reflect the policy changes.

#### Reporting currency

The financial statements are presented in Euro (EUR).

#### Income statement

##### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of NFT's, is recognised in revenue 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. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Gross profit

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.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

## Financial statements 1 February 2023 - 31 January 2024

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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, 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.

##### Amortisation

The item comprises amortisation/depreciation of software.

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

Completed development projects	10 years
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##### Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets and cryptocurrency.

##### 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 entity is jointly taxed with other group entities. 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

#### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

## Financial statements 1 February 2023 - 31 January 2024

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Deposits, investments

Financial fixed assets consist of deposits, which are measured at amortized cost.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and 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.

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

##### Cryptocurrency (Intangible assets)

Crypto currency is recognized as non-fixed intangible assets, because the purpose is resale, but not as a primary activity. The assets are measured at cost price but are not depreciated, since it is not possible to determine an economic life.

Cryptocurrency must be impaired to the recoverable amount if this is lower than the cost price. Profit or loss from the sale of cryptocurrency is recognized under other operating income or other operating expenses in the income statement.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

## Financial statements 1 February 2023 - 31 January 2024

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

EUR	2023/24	2022/23	
2 Staff costs			
Wages/salaries	16,216	26,154	
Other social security costs	0	1,017	
	<u>16,216</u>	<u>27,171</u>	
Average number of full-time employees	<u>4</u>	<u>4</u>	
3 Financial expenses			
Other financial expenses	2,568	2,355	
	<u>2,568</u>	<u>2,355</u>	
4 Intangible assets			
EUR	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 February 2023	4,250,059	703,083	4,953,142
Additions	23,978	0	23,978
Transferred	703,083	-703,083	0
Cost at 31 January 2024	<u>4,977,120</u>	<u>0</u>	<u>4,977,120</u>
Impairment losses and amortisation at 1 February 2023	1,244,389	0	1,244,389
Amortisation for the year	916,719	0	916,719
Impairment losses and amortisation at 31 January 2024	<u>2,161,108</u>	<u>0</u>	<u>2,161,108</u>
Carrying amount at 31 January 2024	<u>2,816,012</u>	<u>0</u>	<u>2,816,012</u>

The intangible fixed assets include proprietary software.

## Financial statements 1 February 2023 - 31 January 2024

### Notes to the financial statements

#### 5 Investments

##### Group entities

Name	Legal form	Domicile	Interest
Paiblock	Inc.	New York City	100.00%

#### 6 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2023/24	2022/23	2021/22	2020/21	2019/20
Opening balance	89,734	89,734	85,951	85,951	85,951
Capital increase	0	0	3,783	0	0
	<u>89,734</u>	<u>89,734</u>	<u>89,734</u>	<u>85,951</u>	<u>85,951</u>

#### 7 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

EUR	2023/24	2022/23
Rent obligations	<u>7,622</u>	<u>7,639</u>
	<u>7,622</u>	<u>7,639</u>

The Company is jointly taxed with its parent company, Acacia Invest ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

#### 8 Related parties

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Acacia Invest ApS	Brøndby
PBH 27.021 ApS	Holbæk
Frøken Sofie ApS	Holbæk
QCD Holding ApS	Vordingborg