

Block Finance A/S

Århusgade 88, 3., 2100 Copenhagen, Denmark

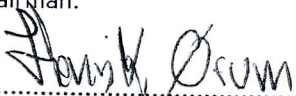
CVR no. 38 77 16 98

Annual report 2017/18

(As of the establishment of the Company 1 July 2017 - 31 December 2018)

Approved at the Company's annual general meeting on

Chairman:


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Statement by the Board of Directors

Today, the Board of Directors has discussed and approved the annual report of Block Finance A/S for the financial year as of the establishment of the Company 1 July 2017 - 31 December 2018.

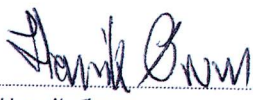
The annual report is prepared in accordance with the Danish Financial Statements Act.

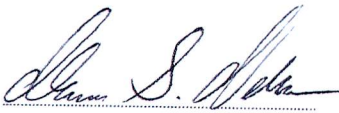
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year as of the establishment of the Company 1 July 2017 - 31 December 2018.

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, 31 May 2019
Board of Directors:


Henrik Ørum
Chairman


Marianne Gjedsted Schmidt
Nellemann


Henrik Aasted Sørensen


Martin Dyring-Andersen

Independent auditor's report

To the shareholders of Block Finance A/S

Opinion

We have audited the financial statements of Block Finance A/S for the financial year as of the establishment of the Company 1 July 2017 - 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 as of the establishment of the company 1 July 2017 - 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.

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.

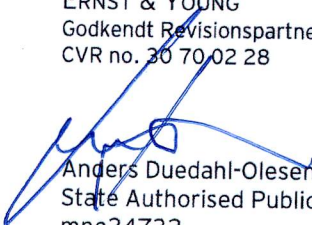
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially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

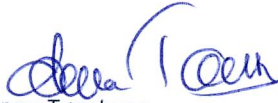
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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, 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	Block Finance A/S
Address, Postal code, City	Århusgade 88, 3., 2100 Copenhagen, Denmark
CVR no.	38 77 16 98
Established	1 July 2017
Registered office	Copenhagen
Financial year	1 July 2017 - 31 December 2018
Board of Directors	Henrik Ørum, Chairman Marianne Gjedsted Schmidt Nellemann Henrik Aasted Sørensen Martin Dyring-Andersen
Executive Board	Martin Dyring-Andersen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuhs Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The Company's core activity is, development of financial infrastructure, centered around next generation distributed ledger technology.

Financial review

The income statement for 2017/18 shows a loss of DKK 1,642,804, and the balance sheet at 31 December 2018 shows equity of DKK 3,557,196. Management considers the Company's financial performance in the year as expected.

The parent company has expressed its commitment to support the company with liquidity according to budget and plan up until and including 31 December 2019.

Events after the balance sheet date

Management will suggest to the annual general meeting that the share capital is reduced with DKK 4,5 million corresponding to an increase of retained earnings. The reduction will not have any tax effect for the company or the owners.

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

Financial statements for the period 1 July 2017 - 31 December 2018

Income statement

Note	DKK	2017/18 18 months
	Gross margin	
3	Staff costs	-878,924
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,142,462
	Profit/loss before net financials	-4,472
	Write-down on investments	-2,025,858
	Financial expenses	-71,314
	Profit/loss before tax	-1,219
	Tax for the year	-2,098,391
	Profit/loss for the year	455,587
		-1,642,804
	Recommended appropriation of profit/loss	
	Retained earnings/accumulated loss	-1,642,804
		-1,642,804

Financial statements for the period 1 July 2017 - 31 December 2018

Balance sheet

Note	DKK	<u>2017/18</u>
	ASSETS	
	Fixed assets	
	Intangible assets	
	Acquired intangible assets	371,121
		<u>371,121</u>
	Investments	
	Investments in group enterprises	28,686
	Deposits, investments	72,000
		<u>100,686</u>
	Total fixed assets	<u>471,807</u>
	Non-fixed assets	
	Receivables	
	Receivables from group enterprises	297,295
	Joint taxation contribution receivable	455,587
	Other receivables	56,977
	Prepayments	24,094
		<u>833,953</u>
	Cash	<u>2,582,323</u>
	Total non-fixed assets	<u>3,416,276</u>
	TOTAL ASSETS	<u><u>3,888,083</u></u>

Financial statements for the period 1 July 2017 - 31 December 2018

Balance sheet

Note	DKK	<u>2017/18</u>
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	5,000,000
	Share premium account	200,000
	Retained earnings	-1,642,804
	Total equity	<u>3,557,196</u>
	Liabilities other than provisions	
	Current liabilities other than provisions	
	Trade payables	149,154
	Payables to group enterprises	46,004
	Payables to shareholders and management	4,196
	Other payables	131,533
		<u>330,887</u>
	Total liabilities other than provisions	<u>330,887</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>3,888,083</u></u>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 4 Contractual obligations and contingencies, etc.
- 5 Collateral

Financial statements for the period 1 July 2017 - 31 December 2018

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	200,000	0	0	200,000
Capital increase	4,800,000	200,000	0	5,000,000
Transfer through appropriation of loss	0	0	-1,642,804	-1,642,804
Equity at 31 December 2018	<u>5,000,000</u>	<u>200,000</u>	<u>-1,642,804</u>	<u>3,557,196</u>

Financial statements for the period 1 July 2017 - 31 December 2018

Notes to the financial statements

1 Accounting policies

The annual report of Block Finance A/S for 2017/18 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

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

Income statement

Gross margin

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross margin 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.

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, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence 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 of intangible assets.

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:

Acquired intangible assets	7 years
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Financial expenses

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

Balance sheet

Intangible assets

Other intangible assets include acquired intangible rights.

Other intangible assets are measured at cost.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

Financial statements for the period 1 July 2017 - 31 December 2018

Notes to the financial statements

1 Accounting policies (continued)

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Receivables

Receivables are measured at amortised cost.

Prepayments

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

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.

2 Recognition and measurement uncertainties

The company has received liquidity commitment from the parent company in order to fulfill budget and plan until 31 December 2019.

Financial statements for the period 1 July 2017 - 31 December 2018

Notes to the financial statements

	2017/18 18 months
DKK	
3 Staff costs	
Wages/salaries	1,136,593
Other social security costs	5,869
	<u>1,142,462</u>
 Average number of full-time employees	 <u>3</u>

4 Contractual obligations and contingencies, etc.

Other contingent liabilities

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, Martin Dyring-Andersen Holding 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.

5 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.