

# Block Finance A/S

Dampfærgevej 27, 5., 2100 Copenhagen, Denmark

CVR no. 38 77 16 98

## Annual report 2020

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

Chair of the meeting:



.....  
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 Block Finance A/S for the financial year 1 January - 31 December 2020.

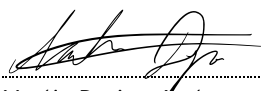
The annual report is prepared in accordance with the Danish Financial Statements Act.

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 1 January - 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 shareholders of Block Finance A/S

### Opinion

We have audited the financial statements of Block Finance A/S for the financial year 1 January - 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 1 January - 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.
- ▶ 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.

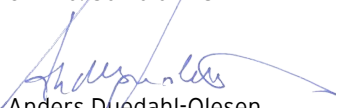
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

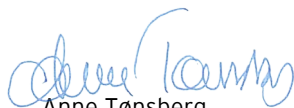
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially 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, 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	Block Finance A/S
Address, Postal code, City	Dampfærgevej 27, 5., 2100 Copenhagen, Denmark
CVR no.	38 77 16 98
Established	1 July 2017
Registered office	Copenhagen
Financial year	1 January - 31 December
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, development of financial infrastructure, centered around next generation distributed ledger technology.

### **Financial review**

The income statement for 2020 shows a profit of DKK 6,634,124 against a loss of DKK 2,373,942 last year, and the balance sheet at 31 December 2020 shows equity of DKK 7,817,378. Management considers the Company's financial performance in the year as expected.

The share capital has during the year been reduced from DKK 5 million to DKK 1 million.

### **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 1 January - 31 December

### Income statement

Note	DKK	2020	2019
	<b>Gross loss</b>	-627,689	-1,169,291
2	Staff costs	-1,324,236	-1,304,758
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-53,656	-53,656
	<b>Profit/loss before net financials</b>	-2,005,581	-2,527,705
	Income/loss from investments in group enterprises	7,696,925	124,527
	Financial expenses	-81	-3,597
	<b>Profit/loss before tax</b>	5,691,263	-2,406,775
	Tax for the year	942,861	32,833
	<b>Profit/loss for the year</b>	<b>6,634,124</b>	<b>-2,373,942</b>
	<b>Recommended appropriation of profit/loss</b>		
	Net revaluation reserve according to the equity method	7,707,042	93,096
	Retained earnings/accumulated loss	-1,072,918	-2,467,038
		<b>6,634,124</b>	<b>-2,373,942</b>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2020</u>	<u>2019</u>
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
	<b>Intangible assets</b>		
	Acquired intangible assets	263,809	317,465
		<u>263,809</u>	<u>317,465</u>
	<b>Investments</b>		
	Investments in group enterprises	8,250,138	553,213
	Deposits, investments	135,000	52,500
		<u>8,385,138</u>	<u>605,713</u>
	<b>Total fixed assets</b>	<u>8,648,947</u>	<u>923,178</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Receivables from group enterprises	3,675	556,733
	Joint taxation contribution receivable	942,861	32,833
	Prepayments	54,388	29,161
		<u>1,000,924</u>	<u>618,727</u>
	<b>Cash</b>	270,401	288,273
	<b>Total non-fixed assets</b>	<u>1,271,325</u>	<u>907,000</u>
	<b>TOTAL ASSETS</b>	<u><u>9,920,272</u></u>	<u><u>1,830,178</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2020</u>	<u>2019</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	1,000,000	5,000,000
	Share premium account	0	200,000
	Net revaluation reserve according to the equity method	7,800,138	93,096
	Retained earnings	-982,760	-4,109,842
	<b>Total equity</b>	<u>7,817,378</u>	<u>1,183,254</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	118,615	475,414
	Payables to group enterprises	1,672,024	30,381
	Payables to shareholders and management	5,858	5,858
	Other payables	306,397	135,271
		<u>2,102,894</u>	<u>646,924</u>
		<u>2,102,894</u>	<u>646,924</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>9,920,272</u></u>	<u><u>1,830,178</u></u>

- 1 Accounting policies
- 3 Contractual obligations and contingencies, etc.
- 4 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2019	5,000,000	200,000	0	-1,642,804	3,557,196
Transfer through appropriation of loss	0	0	93,096	-2,467,038	-2,373,942
<b>Equity at 1 January 2020</b>	<b>5,000,000</b>	<b>200,000</b>	<b>93,096</b>	<b>-4,109,842</b>	<b>1,183,254</b>
Capital reduction	-4,000,000	0	0	4,000,000	0
Transfer through appropriation of profit	0	0	7,707,042	-1,072,918	6,634,124
Transferred from share premium account	0	-200,000	0	200,000	0
<b>Equity at 31 December 2020</b>	<b>1,000,000</b>	<b>0</b>	<b>7,800,138</b>	<b>-982,760</b>	<b>7,817,378</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Block Finance A/S for 2020 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Income statement

##### Gross loss

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

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to, 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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##### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The item includes dividend received from subsidiaries.

##### Financial expenses

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	<u>2020</u>	<u>2019</u>
<b>2 Staff costs</b>		
Wages/salaries	1,308,058	1,286,851
Other social security costs	<u>16,178</u>	<u>17,907</u>
	<u>1,324,236</u>	<u>1,304,758</u>
Average number of full-time employees	<u>3</u>	<u>3</u>

### 3 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

The Company has legally committed itself to provide its wholly-owned subsidiaries e-Money Markets ApS with such funding deemed necessary, for a period of at least 12 months from the balance sheet date, for the subsidiary to fulfil its obligations as they fall due.

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.

### 4 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.