

e-Money A/S under tvangsopløsning
Dampfærgevej 27, 5, 2100 København Ø

Company reg. no. 40 71 73 82

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 12 October 2022.

Martin Dyring-Andersen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

The board of directors and the managing director have today presented the annual report of e-Money A/S under tvangsopløsning for the financial year 1 January to 31 December 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2021 and of the company's results of its activities in the financial year 1 January to 31 December 2021.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 12 October 2022

Managing Director

Martin Dyring-Andersen

Board of directors

Henrik Ørum
Chairman

Martin Dyring-Andersen

Henrik Aasted Sørensen

Independent auditor's report

To the Shareholder of e-Money A/S under tvangsopløsning

Auditor's report on the Financial Statements

Opinion

We have audited the financial statements of e-Money A/S under tvangsopløsning for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Independent auditor's report

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 judgment 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.
- ▶ 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.

Independent auditor's report

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.

Report on other legal and regulatory requirements

Non-compliance with the Danish Bookkeeping Act

In our opinion, the Company has not complied with the Danish Bookkeeping Act requirements that bookkeeping procedures must be planned and performed in accordance with good bookkeeping practice and in consideration of the nature and size of the entity.

The Company's Management may incur liability for non-compliance with the Danish Bookkeeping Act.

Non-compliance with Danish tax legislation

The Company has not filed its tax return for the 2021 fiscal year within the deadline for submission, thus breaching Danish tax legislation, and Management may incur liability in this respect.

Non-compliance with the provisions of the Danish Financial Statements Act regarding submission of annual reports

The Company has not observed the deadline for submission of the annual report for 2021. Management may incur liability in this respect.

Independent auditor's report

Copenhagen, 12 October 2022

EY Godkendt Revisionspartnerselskab

Company reg. no. 30 70 02 28

Anders Duedahl-Olesen
State Authorised Public Accountant
mne24732

Company information

The company	e-Money A/S under tvangsopløsning Dampfærgevej 27, 5 2100 København Ø
	Company reg. no. 40 71 73 82 Domicile: Copenhagen Financial year: 1 January - 31 December
Board of directors	Henrik Ørum, Chairman Martin Dyring-Andersen Henrik Aasted Sørensen
Managing Director	Martin Dyring-Andersen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg
Parent company	Block Finance A/S

Management's review

The principal activities of the company

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

Development in activities and financial matters

The gross profit for the year totals DKK 9.331.956 against DKK 9.063.502 last year. Income or loss from ordinary activities after tax totals DKK 7.296.781 against DKK 7.386.617 last year. Management considers the net profit for the year satisfactory.

As prior years, a significant portion of the company's crypto assets are held on blockchains in the Cosmos ecosystem.

The Cosmos technology stack has been in active development since 2017 and is used in a growing number of projects due to very desirable scalability and security properties. While buildout and adoption of these blockchains continue to grow, support in popular crypto accounting services such as CoinTracking is still lacking.

The company saw a significant and positive increase in activities and transactions related to crypto assets during the year.

A majority of these were on Cosmos blockchains, which necessitated the development of in-house software to extract blockchain data and provide transaction-level visibility for accounting and tax calculation purposes.

This work was ongoing in 2021/2022, but was unfortunately not concluded in time to hand in the Annual Statement before the deadline.

While the development was ongoing, the management continued to have access to current reports of crypto asset balances and could thus continuously assess the overall health of the company.

The management is pleased to note that this development effort has now concluded and this no longer an area of concern.

Events occurring after the end of the financial year

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

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	9.331.956	9.063.502
Other financial income from group companies	58.442	0
Other financial income	3.814	506.053
Other financial expenses	-39.375	-99.533
Pre-tax net profit or loss	9.354.837	9.470.022
2 Tax on net profit or loss for the year	-2.058.056	-2.083.405
Net profit or loss for the year	7.296.781	7.386.617
Proposed appropriation of net profit:		
Transferred to retained earnings	7.296.781	7.386.617
Total allocations and transfers	7.296.781	7.386.617

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Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Current assets			
	Crypto assets	<u>12.901.442</u>	<u>2.458.426</u>
3	Total inventories	<u>12.901.442</u>	<u>2.458.426</u>
	Receivables from group companies	<u>4.812.198</u>	<u>1.311.244</u>
	Total receivables	<u>4.812.198</u>	<u>1.311.244</u>
4	Cash	<u>77.919.008</u>	<u>7.086.793</u>
	Total current assets	<u>95.632.648</u>	<u>10.856.463</u>
	Total assets	<u>95.632.648</u>	<u>10.856.463</u>

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Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity and liabilities		
Equity		
Contributed capital	400.000	400.000
Retained earnings	14.683.398	7.386.617
Total equity	15.083.398	7.786.617
 Liabilities other than provisions		
Trade payables	256.016	82.375
Payables to group companies	2.083.405	0
Income tax payable to group companies	2.058.056	2.083.405
5 Other payables	76.151.773	904.066
Total short term liabilities other than provisions	80.549.250	3.069.846
Total liabilities other than provisions	80.549.250	3.069.846
 Total equity and liabilities	 95.632.648	 10.856.463
 6 Charges and security		
7 Contingencies		

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	400.000	7.386.617	7.786.617
Retained earnings for the year	0	7.296.781	7.296.781
	400.000	14.683.398	15.083.398

Notes

All amounts in DKK.

1. Staff costs

The Company has no employees.

	<u>2021</u>	<u>2020</u>
2. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	2.058.056	2.083.405
Adjustment of deferred tax for the year	<u>0</u>	<u>0</u>
	<u>2.058.056</u>	<u>2.083.405</u>

3. Total inventories

The total fair value of the crypto asset portfolio at year end is DKK 641,205 thousand.

4. Cash

The total amount of cash related to the stablecoin issuance at year end is DKK 76,150 thousand.

5. Other payables

The stablecoins balances at year end is DKK 76,150 thousand.

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 99 thousand, which has been deducted in other liabilities to present to actual liability to third parties.

6. Charges and security

As security for the company's engagement with 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 77,919 thousand.

Notes

All amounts in DKK.

7. Contingencies

Joint taxation

With VRTY Capital ApS, company reg. no 29928606 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for e-Money A/S under tvangsopløsning has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

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 costs comprise costs incurred for distribution, sales, advertising and administration, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Inventories

Cryptocurrencies

Inventories including cryptocurrencies are measured at cost based on the FIFO method. If the net realisation value, i.e. the market price, of inventories is lower than the cost price, it shall be written down for impairment to this lower value.

Accounting policies

Cost includes acquisition cost plus any related purchase costs.

The net realisation value is calculated as a selling price, i.e. the market price less costs incurred to effectuate sales. The net realisation value is determined with due consideration to negotiability and developments in the expected selling price.

Sale of cryptocurrencies is recognised as turnover with an accompanying 'cost of sales'.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable from group companies" or "Income tax payable to group companies".

According to the rules of joint taxation, e-Money A/S under tvangsopløsning is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Liabilities other than provisions

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.

Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Martin Dyring-Andersen

Som Direktør
PID: 9208-2002-2-650891511795
Dato for underskrift: 12-10-2022
Underskrevet med NemID

NEM ID

Martin Dyring-Andersen

Som Bestyrelsesmedlem
PID: 9208-2002-2-650891511795
Dato for underskrift: 12-10-2022
Underskrevet med NemID

NEM ID

Henrik Aasted Sørensen

Som Bestyrelsesmedlem
PID: 9208-2002-2-746717288508
Dato for underskrift: 12-10-2022
Underskrevet med NemID

NEM ID

Henrik Ørum

Som Bestyrelsesformand
PID: 9208-2002-2-974840137405
Dato for underskrift: 12-10-2022
Underskrevet med NemID

NEM ID

Anders Duedahl-Olesen

Som Revisor
RID: 1267520507476
Dato for underskrift: 12-10-2022
Underskrevet med NemID

NEM ID

Martin Dyring-Andersen

Som Dirigent
PID: 9208-2002-2-650891511795
Dato for underskrift: 12-10-2022
Underskrevet med NemID

NEM ID

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