

Bitshares Munich IVS

c/o NJORD Law Firm Pilestræde 58, 1112 København K

Company reg. no. 37 62 63 76

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 18 June 2018.

Christoph Colin Hering
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The managing director has today presented the annual report of Bitshares Munich IVS for the financial year 1 January to 31 December 2017.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

The managing director considers the requirements of omission of audit of the annual accounts for 2017 as met.

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

The annual report is recommended for approval by the general meeting.

København K, 16 June 2018

Managing Director

Christoph Colin Hering

Auditor's report on compilation of the annual accounts

To the shareholders of Bitshares Munich IVS

We have compiled the annual accounts of Bitshares Munich IVS for the period 1 January to 31 December 2017 based on the bookkeeping of the company and on further information you have provided.

The annual accounts comprise the accounting policies used, profit and loss account, balance sheet and notes.

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

We have applied our professional expertise to assist you in the preparation and presentation of the annual accounts in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The annual accounts and the accuracy and completeness of the information used to compile them 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 annual accounts. Accordingly, we do not express an audit opinion or a review conclusion on whether the annual accounts are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 16 June 2018

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov

State Authorised Public Accountant
MNE-nr. 29456

Company data

The company

Bitshares Munich IVS
c/o NJORD Law Firm Pilestræde 58
1112 København K

Company reg. no. 37 62 63 76
Established: 23 February 2016
Financial year: 1 January - 31 December

Managing Director

Christoph Colin Hering

Auditors

BUUS JENSEN, Statsautoriserede revisorer

Management's review

The principal activities of the company

The principal activity of the company is software development and sales.

Development in activities and financial matters

The results from ordinary activities after tax are DKK 10.296.635 against DKK 51.435 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for Bitshares Munich IVS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Accounting policies used

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Accounting policies used

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account

All amounts in DKK.

<u>Note</u>	<u>1/1 - 31/12 2017</u>	<u>23/2 - 31/12 2016</u>
Gross profit	13.085.674	50.401
Other financial income	0	1.071
1 Other financial costs	-6.039	-37
Results before tax	13.079.635	51.435
Tax on ordinary results	-2.783.000	0
Results for the year	10.296.635	51.435
Proposed distribution of the results:		
Allocated to results brought forward	10.296.635	51.435
Distribution in total	10.296.635	51.435

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2017</u>	<u>2016</u>
Current assets		
Available funds	<u>13.523.321</u>	<u>827.754</u>
Current assets in total	<u>13.523.321</u>	<u>827.754</u>
Assets in total	<u>13.523.321</u>	<u>827.754</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2017</u>	<u>2016</u>
Equity			
2	Contributed capital	1.000	1.000
3	Results brought forward	10.348.070	51.435
	Equity in total	<u>10.349.070</u>	<u>52.435</u>
Provisions			
	Provisions for deferred tax	2.783.000	0
	Provisions in total	<u>2.783.000</u>	<u>0</u>
Liabilities			
	Trade creditors	28.000	18.000
	Other debts	363.251	757.319
	Short-term liabilities in total	391.251	775.319
	Liabilities in total	<u>391.251</u>	<u>775.319</u>
	Equity and liabilities in total	<u>13.523.321</u>	<u>827.754</u>

Notes

All amounts in DKK.

	<u>1/1 - 31/12 2017</u>	<u>23/2 - 31/12 2016</u>
1. Other financial costs		
Other financial costs	<u>6.039</u>	<u>37</u>
	<u>6.039</u>	<u>37</u>
2. Contributed capital		
Contributed capital 1 January 2017	<u>1.000</u>	<u>1.000</u>
	<u>1.000</u>	<u>1.000</u>
3. Results brought forward		
Results brought forward 1 January 2017	51.435	0
Profit or loss for the year brought forward	<u>10.296.635</u>	<u>51.435</u>
	<u>10.348.070</u>	<u>51.435</u>