

# Valid Technologies Solutions ApS

Hørkær 16, 2., 2730 Herlev

CVR no. 36 49 08 37

## Annual report 2018

Approved at the Company's annual general meeting on ~~31 May~~ <sup>20 June</sup> 2019

Chairman:





## Contents

<b>Statement by the Board of Directors</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
<b>Financial statements 1 January - 31 December</b>	<b>7</b>
Income statement	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10



### Statement by the Board of Directors

Today, the Board of Directors has discussed and approved the annual report of Valid Technologies Solutions ApS for the financial year 1 January - 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 1 January - 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.

Herlev, 31 May 2019  
Board of Directors:

  
\_\_\_\_\_  
Carlos Affonso Seigneur  
d'Albuquerque  
Chairman  
\_\_\_\_\_  
Rita Cristiane Ribeiro  
Carvelho  
Vice Chairman  
\_\_\_\_\_  
Salvador Gerardo Cabrera  
Aguilar



## Independent auditor's report

To the shareholders of Valid Technologies Solutions ApS

### Opinion

We have audited the financial statements of Valid Technologies Solutions ApS for the financial year 1 January - 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 1 January - 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

Lars Hansen  
State Authorised Public Accountant  
mne24828

Rasmus Bloch Jespersen  
State Authorised Public Accountant  
mne35503



## Management's review

### Company details

Name	Valid Technologies Solutions ApS
Address, Postal code, City	Hørkær 16, 2., 2730 Herlev
CVR no.	36 49 08 37
Financial year	1 January - 31 December
Board of Directors	Carlos Affonso Seigneur d'Albuquerque, Chairman Rita Cristiane Ribeiro Carvelho, Vice Chairman Salvador Gerardo Cabrera Aguilar
Executive Board	Salvador Gerardo Cabrera Aguilar, (Adm. dir.)
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark



## Management's review

### Business review

The primary activity of the Company is development and sale of software solutions.

In 2018, the Company has restated the comparison figures for 2017 to correct a material error related to the write-down of a debtor that was credit-impaired already at 31 December 2017. The correction has resulted in a lower gross margin, increase of loss before net financials and loss before tax for 2017 of USD 20,055. Loss for the year for 2017 and total equity as of 1 January 2018 have been reduced by USD 15,643.

### Financial review

The income statement for 2018 shows a loss of USD 189,949 against a loss of USD 176,102 last year, and the balance sheet at 31 December 2018 shows a negative equity of USD 674,081.

The negative equity of the Company is financed via short-term loans with other group companies. The Company's intermediate parent company Valid Soluciones Tecnológicas S.A.U. has issued a letter of financial support in which Valid Soluciones Tecnológicas S.A.U. guarantees to make sufficient funds available to support the Company's working capital needs, thereby enabling the Company to discharge its obligations as they fall due, at least through 31 December 2019. On this basis, the financial statements are presented based on the going concern assumption.

### Events after the balance sheet date

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



## Financial statements 1 January - 31 December

### Income statement

Note	USD	2018	2017
	<b>Gross margin</b>	-29,667	-9,917
3	Staff costs	-202,401	-204,901
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-11,030	-11,030
	<b>Profit/loss before net financials</b>	-243,098	-225,848
	Financial income	3,924	5,954
	Financial expenses	-4,350	-5,837
	<b>Profit/loss before tax</b>	-243,524	-225,731
4	Tax for the year	53,575	49,629
	<b>Profit/loss for the year</b>	-189,949	-176,102
	<b>Recommended appropriation of profit/loss</b>		
	Retained earnings/accumulated loss	-189,949	-176,102
		-189,949	-176,102





## Financial statements 1 January - 31 December

### Balance sheet

Note	USD	2018	2017
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	7,565	18,595
		<u>7,565</u>	<u>18,595</u>
	<b>Total fixed assets</b>	<u>7,565</u>	<u>18,595</u>
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Receivables from group entities	91,582	39,410
	Deferred tax assets	1,403	0
	Other receivables	3,366	2,727
		<u>96,351</u>	<u>42,137</u>
	<b>Cash</b>	<u>18,612</u>	<u>24,781</u>
	<b>Total non-fixed assets</b>	<u>114,963</u>	<u>66,918</u>
	<b>TOTAL ASSETS</b>	<u>122,528</u>	<u>85,513</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
6	Share capital	7,953	7,953
	Retained earnings	-682,034	-491,939
	<b>Total equity</b>	<u>-674,081</u>	<u>-483,986</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	5,564	7,956
	Payables to group entities	751,556	519,800
	Other payables	39,489	40,713
	Deferred income	0	1,030
		<u>796,609</u>	<u>569,499</u>
	<b>Total liabilities other than provisions</b>	<u>796,609</u>	<u>569,499</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>122,528</u>	<u>85,513</u>

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



## Financial statements 1 January - 31 December

### Statement of changes in equity

USD	Share capital	Retained earnings	Total
Equity at 1 January 2018	7,953	-476,296	-468,343
Adjustment of equity through corrections of errors	0	-15,643	-15,643
Adjusted equity at 1 January 2018	7,953	-491,939	-483,986
Transfer through appropriation of loss	0	-189,949	-189,949
Other value adjustments of equity	0	-146	-146
<b>Equity at 31 December 2018</b>	<b>7,953</b>	<b>-682,034</b>	<b>-674,081</b>

The Company has lost more than 50% of its subscribed share capital. At the ordinary general meeting of shareholders in 2019, the Board of Directors gave an account of the Company's financial position and proposed appropriate measures to reestablish the share capital.

At the ordinary general meeting of shareholders in 2019, the Company will again give an account of the financial position and propose any appropriate measures to be taken.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Valid Technologies Solutions ApS for 2018 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.

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

#### Material misstatements

The Company in 2018 has restated the comparison figures for 2017 to correct a material error related to the write-down of a debtor that was credit-impaired already at 31 December 2017. The correction has resulted in a lower Gross margin, increase of Loss before net financials and Loss before tax for 2017 of USD 20,055. Loss for the year for 2017 and Total equity as of 1 January 2018 have been reduced by USD 15,643.

#### Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6,52304.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

The Company applies IAS 18 as interpretation for recognition of revenue.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

#### Gross margin

The items revenue, cost of sales 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 and operating expenses

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



## Financial statements 1 January - 31 December

### 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.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

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

Fixtures and fittings, other plant and equipment	3-5 years
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##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### 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 company and its Danish group entities are jointly taxed. 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

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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. Impairment losses on goodwill are not reversed.

##### 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.

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.

##### Cash

Cash comprises cash and is subject only to minor risks of changes in value.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

#### 2 Financial support

The negative equity of the Company is financed via short-term loans with other group companies. The Company's intermediate parent company Valid Soluciones Tecnologicas S.A.U. has issued a letter of financial support in which Valid Soluciones Tecnologicas S.A.U. guarantees to make sufficient funds available to support the Company's working capital needs, thereby enabling the Company to discharge its obligations as they fall due, at least through 31 December 2019. On this basis, the financial statements are presented based on the going concern assumption.

USD	2018	2017
<b>3 Staff costs</b>		
Wages/salaries	195,568	199,990
Other social security costs	1,837	1,906
Other staff costs	4,996	3,005
	<u>202,401</u>	<u>204,901</u>
Average number of full-time employees	<u>2</u>	<u>2</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	-52,173	-48,571
Deferred tax adjustments in the year	-1,402	-1,058
	<u>-53,575</u>	<u>-49,629</u>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Property, plant and equipment

USD	<b>Fixtures and fittings, other plant and equipment</b>
Cost at 1 January 2018	33,089
Cost at 31 December 2018	33,089
Impairment losses and depreciation at 1 January 2018	14,494
Depreciation	11,030
Impairment losses and depreciation at 31 December 2018	25,524
<b>Carrying amount at 31 December 2018</b>	<b>7,565</b>

#### 6 Share capital

Analysis of changes in the share capital over the past 4 years:

DKK	2018	2017	2016	2015
Opening balance	50,000	50,000	50,000	50,000
	50,000	50,000	50,000	50,000

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

##### Other contingent liabilities

The Company is jointly taxed with its parent, Valid A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

#### 8 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Valid Soluções S.A.	Rio de Janeiro, Brazil	Av. Pres. Wilson, 231-16º floor, Centro, Rio de Janeiro, 20030-905
Valid Soluciones Tecnologicas S.A.U.	Madrid, Spain	Avenida de Monteras, No 20 Business Park Isla de Charmartin Building B (Tokyo), 3rd Floor 28050 Madrid