

# **Validator ApS**

Dampfærgevej 27, 5., 2100 Copenhagen, Denmark

CVR no. 39 44 90 56

## Annual report 2020

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

Chair of the meeting:



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Martin Dyring-Andersen

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## Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Validator ApS 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:



Henrik Aasted Sørensen



Martin Dyring-Andersen

## Independent auditor's report

To the shareholder of Validator ApS

### Opinion

We have audited the financial statements of Validator ApS 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	Validator ApS
Address, Postal code, City	Dampfærgevej 27, 5., 2100 Copenhagen, Denmark
CVR no.	39 44 90 56
Established	1 April 2018
Registered office	Copenhagen
Financial year	1 January - 31 December
Executive Board	Henrik Aasted Sørensen Martin Dyring-Andersen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

### Management commentary

#### Business review

The Company's core activity is, to participate in the operation of next generation distributed ledger technology by providing essential IT infrastructure and services.

#### Financial review

The income statement for 2020 shows a profit of DKK 320,425 against a profit of DKK 173,864 last year, and the balance sheet at 31 December 2020 shows equity of DKK 463,521. Management considers the Company's financial performance in the year as expected.

#### 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
Gross profit		610,960	394,755
Depreciation		-172,621	-151,585
<b>Profit before net financials</b>		<b>438,339</b>	<b>243,170</b>
Other financial expenses		-95	0
<b>Profit before tax</b>		<b>438,244</b>	<b>243,170</b>
Tax for the year		-117,819	-69,306
<b>Profit for the year</b>		<b>320,425</b>	<b>173,864</b>
<b>Recommended appropriation of profit</b>			
Retained earnings		320,425	173,864
		<b>320,425</b>	<b>173,864</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2020	2019
<b>ASSETS</b>			
<b>Fixed assets</b>			
3 Intangible assets			
Completed development projects		165,062	309,994
		165,062	309,994
4 Property, plant and equipment			
Fixtures and fittings, other plant and equipment		22,290	49,979
		22,290	49,979
<b>Total fixed assets</b>		187,352	359,973
<b>Non-fixed assets</b>			
<b>Receivables</b>			
Receivables from group enterprises		352,809	0
		352,809	0
<b>Cash</b>		154,705	438,434
<b>Total non-fixed assets</b>		507,514	438,434
<b>TOTAL ASSETS</b>		694,866	798,407
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		50,000	50,000
Retained earnings		413,521	93,096
<b>Total equity</b>		463,521	143,096
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		55,548	50,142
Payables to group enterprises		36,473	514,358
Corporation tax payable		117,819	0
Joint taxation contribution payable		0	69,306
Other payables		21,505	21,505
		231,345	655,311
		231,345	655,311
<b>TOTAL EQUITY AND LIABILITIES</b>		694,866	798,407

- 1 Accounting policies
- 2 Staff costs
- 5 Contractual obligations and contingencies, etc.
- 6 Collateral

**Financial statements 1 January - 31 December**

**Statement of changes in equity**

DKK	Share capital	Retained earnings	Total
<b>Equity at 1 January 2020</b>	50,000	93,096	143,096
Transfer through appropriation of profit	0	320,425	320,425
<b>Equity at 31 December 2020</b>	<b>50,000</b>	<b>413,521</b>	<b>463,521</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Validator ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

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

### Income statement

#### Revenue

Income is recognised based on tokens received from the validation services provided, when tokens are exchanged to FIAT currencies at fair value.

#### 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 expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, etc.

#### Amortisation/depreciation

The item comprises depreciation of 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:

Equipment	3 years
Intangible assets	3 years

#### Financial expenses

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

#### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

###### Intangible assets

Development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

###### Property, plant and equipment

Items of 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.

###### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

###### Receivables

Receivables are measured at amortised cost.

###### Provisions

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

###### 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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. 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.

#### 2 Staff costs

The Company has no employees.

#### 3 Intangible assets

DKK	Completed development projects
Cost at 1 January 2020	434,797
Cost at 31 December 2020	434,797
Impairment losses and amortisation at 1 January 2020	124,803
Amortisation for the year	144,932
Impairment losses and amortisation at 31 December 2020	269,735
<b>Carrying amount at 31 December 2020</b>	<b>165,062</b>
Amortised over	3 years

#### 4 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment
Cost at 1 January 2020	83,065
Cost at 31 December 2020	83,065
Impairment losses and depreciation at 1 January 2020	33,086
Depreciation	27,689
Impairment losses and depreciation at 31 December 2020	60,775
<b>Carrying amount at 31 December 2020</b>	<b>22,290</b>
Depreciated over	3 years

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 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, 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.

#### 6 Collateral

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