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statsautoriseret revisionsaktieselskab

Validator ApS

Hammerensgade 1, 2., 1267 København K

Company reg. no. 39 44 90 56

Annual report

1 January - 31 December 2023

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The annual report was submitted and approved by the general meeting on the 2 May 2024.

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

Today, the Executive Board has approved the annual report of Validator ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and 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, 2 May 2024

Executive board

Martin Dyring-Andersen

Henrik Aasted Sørensen



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 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 about 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 these financial statements.



Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 Management's Review

Management is responsible for Management's Review.

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



Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 2 May 2024

Baagøe | Schou

State Authorised Public Accountants
Company reg. no. 21 14 81 48

Torben B. Petersen

State Authorised Public Accountant
mne34097



Company information

The company

Validator ApS
Hammerensgade 1, 2.
1267 København K

Company reg. no. 39 44 90 56
Established: 1 April 2018
Domicile: Copenhagen
Financial year: 1 January - 31 December

Executive board

Martin Dyring-Andersen
Henrik Aasted Sørensen

Auditors

Baagøe | Schou
statsautoriseret revisionsaktieselskab
Fiolstræde 44, 3. th.
1171 København K

Parent company

Block Finance A/S



Management's review

The principal activities of the company

Like previous years, the activities are to participate in the operation of next generation distributed ledger technology by providing essential IT infrastructure and services.

Development in activities and financial matters

The gross profit for the year totals DKK 943.520 against DKK 552.107 last year. Income or loss from ordinary activities after tax totals DKK 653.034 against DKK 254.468 last year. Management considers the net profit or loss for the year satisfactory.

The company have begun shutting down activities, which is why the level of activity has fallen and the balance sheet has been significantly reduced.

Events occurring after the end of the financial year

No events have occurred after the end of the financial year 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>2023</u>	<u>2022</u>
Gross profit	943.520	552.107
Depreciation and impairment of property, land, and equipment	0	-21.035
Other operating expenses	-121.416	-206.452
Operating profit	822.104	324.620
Other financial expenses	0	-808
Pre-tax net profit or loss	822.104	323.812
1 Tax on net profit or loss for the year	-169.070	-69.344
Net profit or loss for the year	653.034	254.468
Proposed distribution of net profit:		
Transferred to retained earnings	653.034	254.468
Total allocations and transfers	653.034	254.468



Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Crypto assets	483.173	2.269.893
Total inventories	483.173	2.269.893
Receivables from group companies	1.616.771	317.185
Other receivables	0	5.298
Total receivables	1.616.771	322.483
Cash and cash equivalents	1.760.524	452.052
Total current assets	3.860.468	3.044.428
Total assets	3.860.468	3.044.428



Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
Share capital	50.000	50.000
Retained earnings	3.474.437	2.821.403
Total equity	<u>3.524.437</u>	<u>2.871.403</u>
Liabilities other than provisions		
Bank loans	8	6.074
Trade payables	41.250	41.250
Payables to group companies	88.335	18.991
Income tax payable to group companies	169.070	69.344
Other payables	37.368	37.366
Total short term liabilities other than provisions	<u>336.031</u>	<u>173.025</u>
Total liabilities other than provisions	<u>336.031</u>	<u>173.025</u>
Total equity and liabilities	<u>3.860.468</u>	<u>3.044.428</u>

4 Charges and security

5 Contingencies



Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	50.000	2.821.403	2.871.403
Retained earnings for the year	0	653.034	653.034
	<u>50.000</u>	<u>3.474.437</u>	<u>3.524.437</u>



Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	169.070	69.344
Adjustment of deferred tax for the year	0	0
	<u>169.070</u>	<u>69.344</u>
	<u>31/12 2023</u>	<u>31/12 2022</u>
2. Completed development projects		
Cost 1 January 2023	434.797	434.797
Additions during the year	0	0
Disposals during the year	0	0
Cost 31 December 2023	<u>434.797</u>	<u>434.797</u>
Amortisation and writedown 1 January 2023	-434.797	-414.667
Amortisation and depreciation for the year	0	-20.130
Amortisation and writedown 31 December 2023	<u>-434.797</u>	<u>-434.797</u>
Carrying amount, 31 December 2023	<u>0</u>	<u>0</u>
3. Other fixtures and fittings, tools and equipment		
Cost 1 January 2023	83.065	83.065
Additions during the year	0	0
Disposals during the year	0	0
Cost 31 December 2023	<u>83.065</u>	<u>83.065</u>
Depreciation and writedown 1 January 2023	-83.065	-82.160
Amortisation and depreciation for the year	0	-905
Depreciation and writedown 31 December 2023	<u>-83.065</u>	<u>-83.065</u>
Carrying amount, 31 December 2023	<u>0</u>	<u>0</u>



Notes

All amounts in DKK.

4. Charges and security

The company has no charges or securities.

5. Contingencies

Joint taxation

With VRTY Capital ApS, company reg. no 29 92 86 06 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 Validator ApS 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

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, etc.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

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 and transactions in foreign currency.

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

Intangible assets

Development projects

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



Accounting policies

Development projects are measured at cost less accrued amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 3 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	0-3 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.



Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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.

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 other operating income whereas the accompanying 'cost of sales' is recognised under other operating charges.

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 "Tax receivables from group enterprises" or "Income tax payable to group enterprises"



Accounting policies

According to the rules of joint taxation, Validator ApS 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 assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal 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.

Henrik Aasted Sørensen

Navnet returneret af dansk MitID var:
Henrik Aasted Sørensen
Direktør
ID: 7a5ebe2b-5d0a-496e-a18e-696840a99463
CPR-match med dansk MitID
Dato for underskrift: 12-05-2024
Underskrevet med MitID



Martin Dyring-Andersen

Navnet returneret af dansk MitID var:
NAVNE & ADRESSEBESKYTTET
Direktør
ID: 184a9484-4d5d-4fe5-8f8e-c96c3507662c
CPR-match med dansk MitID
Dato for underskrift: 08-05-2024
Underskrevet med MitID



Torben B. Petersen

Navnet returneret af dansk MitID var:
Torben Brun Petersen
Statsautoriseret revisor
ID: 13b6ff29-af3f-4047-b1bc-9aff9c6338cb
CVR-match med dansk MitID
Dato for underskrift: 12-05-2024
Underskrevet med MitID



Martin Dyring-Andersen

Navnet returneret af dansk MitID var:
NAVNE & ADRESSEBESKYTTET
Dirigent
ID: 184a9484-4d5d-4fe5-8f8e-c96c3507662c
CPR-match med dansk MitID
Dato for underskrift: 13-05-2024
Underskrevet med MitID



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