

# **Concordium Research ApS**

Amaliegade 4, 1256 København K

CVR no. 39 88 71 85

## **Annual report 2022**

Approved at the Company's annual general meeting on 23 June 2023

Chair of the meeting:

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Jørgen Hauglund

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## **Statement by the Executive Board**

Today, the Executive Board has discussed and approved the annual report of Concordium Research ApS for the financial year 1 January - 31 December 2022.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 23 June 2023

Executive Board:

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Jørgen Hauglund

## Independent auditor's report

### To the shareholders of Concordium Research ApS

#### Opinion

We have audited the financial statements of Concordium Research ApS for the financial year 1 January - 31 December 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' 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.

#### 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, 23 June 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Rasmus Berntsen  
State Authorised Public Accountant  
mne35461

## **Management's review**

### **Company details**

Name	Concordium Research ApS
Address, Postal code, City	Amaliegade 4, 1256 København K
CVR no.	39 88 71 85
Established	18 September 2018
Financial year	1 January - 31 December
Executive Board	Jørgen Hauglund
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Business review

The Company's principal activities consist in services within information technology consulting. The company's purpose is to develop and provide services within blockchain and cryptography for Concordium AG.

### Financial review

The income statement for 2022 shows a profit of DKK 1,745,039 against a profit of DKK 1,123,058 last year, and the balance sheet at 31 December 2022 shows equity of DKK 3,951,583. Management considers the Company's financial performance in the year satisfactory.

### 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	DKK	2022	2021
	<b>Gross profit</b>	47,405,056	18,077,290
2	Staff costs	-44,351,290	-16,744,736
	Depreciation of property, plant and equipment	-369,368	-47,229
	<b>Profit before net financials</b>	2,684,398	1,285,325
3	Financial income	1,127,709	486,243
	Write-down on investments	-117,848	0
4	Financial expenses	-1,395,761	-329,361
	<b>Profit before tax</b>	2,298,498	1,442,207
5	Tax for the year	-553,459	-319,149
	<b>Profit for the year</b>	1,745,039	1,123,058

### Recommended appropriation of profit

Retained earnings	1,745,039	1,123,058
	1,745,039	1,123,058

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2022	2021
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings, other plant and equipment	71,813	121,661	
Leasehold improvements	1,278,080	0	
	1,349,893	121,661	
<b>Investments</b>			
Investments in group enterprises	222,152	40,000	
Deposits	943,668	200,969	
	1,165,820	240,969	
<b>Total fixed assets</b>	<b>2,515,713</b>	<b>362,630</b>	
<b>Non-fixed assets</b>			
<b>Receivables</b>			
Receivables from group entities	0	38,826,119	
Deferred tax assets	7,645	4,494	
Corporation tax receivable	49,075	0	
Other receivables	1,519,690	1,607,880	
Prepayments	142,673	1,042,917	
	1,719,083	41,481,410	
<b>Cash</b>	<b>59,362,364</b>	<b>27,610,452</b>	
<b>Total non-fixed assets</b>	<b>61,081,447</b>	<b>69,091,862</b>	
<b>TOTAL ASSETS</b>	<b>63,597,160</b>	<b>69,454,492</b>	

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		50,000	50,000
Retained earnings		3,901,583	2,156,544
<b>Total equity</b>		<u>3,951,583</u>	<u>2,206,544</u>
<b>Liabilities other than provisions</b>			
<b>Current liabilities other than provisions</b>			
Trade payables		1,034,924	1,215,563
Payables to group entities		57,750,479	64,154,867
Corporation tax payable		0	47,564
Joint taxation contribution payable		25,673	7,566
Other payables		834,501	1,822,388
<b>Total liabilities other than provisions</b>		<u>59,645,577</u>	<u>67,247,948</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>63,597,160</u>	<u>69,454,492</u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.

**Financial statements 1 January - 31 December**

**Statement of changes in equity**

DKK	Share capital	Retained earnings	Total
<b>Equity at 1 January 2022</b>	50,000	2,156,544	2,206,544
Transfer through appropriation of profit	0	1,745,039	1,745,039
<b>Equity at 31 December 2022</b>	<b>50,000</b>	<b>3,901,583</b>	<b>3,951,583</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Concordium Research ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of statement of changes in equity applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### 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 has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services, which comprise redemption of costs in accordance with the transfer pricing agreement, is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### 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 operating income

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

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to travel, advertising, administration, premises, 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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
Leasehold improvements	5 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as exchange rate gains and losses.

##### 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.

##### 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.

##### Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

##### 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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

##### 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.

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

	DKK	2022	2021
<b>2 Staff costs</b>			
Wages/salaries	42,641,499	15,559,506	
Pensions	1,275,811	1,016,500	
Other social security costs	142,670	84,536	
Other staff costs	291,310	84,194	
	<b>44,351,290</b>	<b>16,744,736</b>	
Average number of full-time employees		31	20
		<b>31</b>	<b>20</b>
<b>3 Financial income</b>			
Interest receivable, group entities	412,218	0	
Exchange gain	711,871	0	
Other financial income	3,620	486,243	
	<b>1,127,709</b>	<b>486,243</b>	
<b>4 Financial expenses</b>			
Interest expenses, group entities	610,480	0	
Exchange losses	551,553	0	
Other financial expenses	233,728	329,361	
	<b>1,395,761</b>	<b>329,361</b>	
		<b>2022</b>	<b>2021</b>
<b>5 Tax for the year</b>			
Estimated tax charge for the year	556,599	319,130	
Deferred tax adjustments in the year	-3,151	29	
Tax adjustments, prior years	11	-10	
	<b>553,459</b>	<b>319,149</b>	
		<b>2022</b>	<b>2021</b>

The estimated tax charge for the year includes joint taxation contribution payable of DKK 25,673.

### 6 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

Operating lease commitments	943,425	1,055,000
	<b>943,425</b>	<b>1,055,000</b>

Operating lease commitments relates to the notice period of the rental commercial property agreement which fall due within 6 months.

As management company, the Company is jointly taxed with Concordium Software ApS and is jointly and severally liable for income year 2021 onwards for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

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## Jørgen Hauglund

Client Signer

På vegne af: Concordium Research ApS

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## Rasmus Berntsen

EY Signer

På vegne af: EY Godkendt Revisionspartnerselskab

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