

# Concordium Research ApS

Østergade 13, 2., 1100 København K

CVR no. 38 88 71 85

## Annual report 2020

Approved at the Company's annual general meeting on 29 April 2021

Chair of the meeting:

.....  
Jørgen Hauglund

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





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## Statement by the Board of Directors and 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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 29 April 2021  
Executive Board:

.....  
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 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.

## Independent auditor's report

- ▶ 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 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, 29 April 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Rhod Søndergaard  
State Authorised Public Accountant  
mne28632

Rasmus Berntsen  
State Authorised Public Accountant  
mne35461



## Management's review

### Company details

Name	Concordium Research ApS
Address, Postal code, City	Østergade 13, 2., 1100 København K
CVR no.	38 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 2020 shows a profit of DKK 750,367 against a profit of DKK 283,119 last year, and the balance sheet at 31 December 2020 shows equity of DKK 1,083,486. 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	2020 12 months	2018/19 16 months
	<b>Gross profit</b>	13,843,956	7,352,929
2	Staff costs	-12,741,669	-6,665,120
	Depreciation of property, plant and equipment	-27,753	-27,753
	<b>Profit before net financials</b>	1,074,534	660,056
	Financial income	211,385	147,623
	Financial expenses	-313,049	-430,293
	<b>Profit before tax</b>	972,870	377,386
3	Tax for the year	-222,503	-94,267
	<b>Profit for the year</b>	750,367	283,119
	<b>Recommended appropriation of profit</b>		
	Retained earnings	750,367	283,119
		750,367	283,119

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2020	2018/19
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	24,373	52,126
		<u>24,373</u>	<u>52,126</u>
	<b>Investments</b>		
	Deposits	159,297	116,979
		<u>159,297</u>	<u>116,979</u>
	<b>Total fixed assets</b>	<u>183,670</u>	<u>169,105</u>
	<b>Non-fixed assets</b>		
	Receivables from group entities	2,798,307	4,328,065
	Deferred tax assets	4,523	1,712
	Other receivables	357,927	549,985
		<u>3,160,757</u>	<u>4,879,762</u>
	<b>Cash</b>	<u>871,737</u>	<u>1,061,849</u>
	<b>Total non-fixed assets</b>	<u>4,032,494</u>	<u>5,941,611</u>
	<b>TOTAL ASSETS</b>	<u><u>4,216,164</u></u>	<u><u>6,110,716</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2020	2018/19
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	50,000	50,000
	Retained earnings	1,033,486	283,119
	<b>Total equity</b>	<u>1,083,486</u>	<u>333,119</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	343,095	812,071
	Payables to group entities	0	4,028,575
	Corporation tax payable	236,317	100,490
	Other payables	2,553,266	836,461
		<u>3,132,678</u>	<u>5,777,597</u>
		<u>3,132,678</u>	<u>5,777,597</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>4,216,164</u></u>	<u><u>6,110,716</u></u>

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

## Financial statements 1 January - 31 December

## Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2020	50,000	283,119	333,119
Transfer through appropriation of profit	0	750,367	750,367
Equity at 31 December 2020	50,000	1,033,486	1,083,486

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Concordium Research ApS for 2020 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.

#### Reporting currency

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

#### Income statement

##### Revenue

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 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.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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.

##### 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.

##### 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	2020 12 months	2018/19 16 months
<b>2 Staff costs</b>		
Wages/salaries	12,167,434	6,182,632
Pensions	252,000	0
Other social security costs	254,200	274,435
Other staff costs	68,035	208,053
	<u>12,741,669</u>	<u>6,665,120</u>
 Average number of full-time employees	 <u>13</u>	 <u>5</u>
<b>3 Tax for the year</b>		
Estimated tax charge for the year	226,367	95,979
Deferred tax adjustments in the year	-2,811	-1,712
Tax adjustments, prior years	-1,053	0
	<u>222,503</u>	<u>94,267</u>

### 4 Contractual obligations and contingencies, etc.

#### Other contingent liabilities

Lease commitments (operating leases) that fall due within 6 months total DKK 319 thousand (2019: DKK 188 thousand).

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## Jørgen Hauglund

CEO

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## Jørgen Hauglund

Chair of the meeting

På vegne af: Concordium Research ApS

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## Rasmus Berntsen

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

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## Lars Rhod Soendergaard

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

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