

# ZTLment ApS

Linnésgade 20A, 2., 1361 København K

CVR no. 41 80 12 98

## Annual report 2020/21

(As of the establishment of the Company 28 October 2020 - 31 December 2021)

Approved at the Company's annual general meeting on 30 June 2022

Chair of the meeting:

.....  
Mads Stolberg-Larsen

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of ZTLment ApS for the financial year as of the establishment of the Company 28 October 2020 - 31 December 2021.

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 2021 and of the results of the Company's operations for the financial year as of the establishment of the Company 28 October 2020 - 31 December 2021.

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, 30 June 2022  
Executive Board:

.....  
Mads Stolberg-Larsen

Board of Directors:

.....  
Mads Stolberg-Larsen  
Chair

.....  
Jason Spasovski

## Independent auditor's report

To the shareholders of ZTLment ApS

### Opinion

We have audited the financial statements of ZTLment ApS for the financial year as of the establishment of the Company 28 October 2020 - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year as of the establishment of the company 28 October 2020 - 31 December 2021 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 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, 30 June 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Thomas Hjortkjær Petersen  
State Authorised Public Accountant  
mne33748

## Management's review

### Company details

Name	ZTLment ApS
Address, Postal code, City	Linnésgade 20A, 2., 1361 København K
CVR no.	41 80 12 98
Established	28 October 2020
Registered office	København
Financial year	28 October 2020 - 31 December 2021
Board of Directors	Mads Stolberg-Larsen, Chair Jason Spasovski
Executive Board	Mads Stolberg-Larsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Business review

The company's purpose is to conduct business with trade and service within the area of financial services (fintech) and other related business.

### Financial review

The income statement for 2020/21 shows a loss of DKK 820,152, and the balance sheet at 31 December 2021 shows a negative equity of DKK 720,152.

The management considers the result for the year to be satisfactory.

ZTLment was incorporated on October 28th 2020 with the purpose of unlocking the benefits of programmable money in B2B trade.

After securing its first capital from Innovationsfonden and the venture fund Borderless Capital, co-founders Mads Stolberg-Larsen (CEO) and Jason Spasovski (CTO) started full time in the company on January 4th 2021 with the third co-founder, Harry Kearney, joining later in the year as Head of Customer Experience.

In Q1 2021 the Minimum Viable Product (MVP) was built. However, since ZTLment's smart contract software product facilitates the transfer of real money, not volatile cryptocurrency or unregulated stablecoins, it was unclear whether the product was regulated under Danish and European payments law, specifically Payment Service Directive 2 (PSD2). ZTLment therefore chose to engage directly with the Danish Financial Supervisory Authority (DFSA) to clarify this and was fortunate enough to be selected as one of only two companies to the DFSA's regulatory sandbox program, FT Lab, in 2021.

In Q2 ZTLment started in the FT Lab program. In mid-Q4 the program was concluded. The result was a successful test - as the DFSA put it in their official press release on it: "Blockchain proves its potential in test in the DFSA's regulatory sandbox, FT Lab".

A central learning from the FT Lab program was that ZTLment needs a payments institute license to launch in the European market. Ever since learning this, ZTLment has worked tirelessly on securing this license in parallel to its commercial- and product development efforts.

On December 16th 2021 the company handed in its license application. In relation to handing in the license application, ZTLment had secured funding from a London based venture fund on a warrant instrument in October 2021. The warrant instrument will convert to equity in the next funding round, which is currently being closed .

The closing of the investment round will capitalize ZTLment safely beyond the €125k minimum capital requirement for obtaining a payments institute license. Obtaining the license will allow launching in the European market as a fully regulated payments institute built on blockchain technology.

Further commentation on going concern refers to note 2.

### 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 for the period 28 October 2020 - 31 December 2021

### Income statement

Note	DKK	2020/21 14 months
	<b>Gross loss</b>	-107,070
4	Staff costs	-706,518
	Research and development costs	-2,970
	<b>Profit/loss before net financials</b>	-816,558
	Financial expenses	-3,594
	<b>Profit/loss for the year</b>	-820,152
	<b>Recommended appropriation of profit/loss</b>	
	Retained earnings/accumulated loss	-820,152
		-820,152



## Financial statements for the period 28 October 2020 - 31 December 2021

### Balance sheet

Note	DKK	<u>2020/21</u>
	<b>ASSETS</b>	
	<b>Fixed assets</b>	
	Investments	
	Deposits, investments	15,500
		<u>15,500</u>
	<b>Total fixed assets</b>	<u>15,500</u>
	<b>Non-fixed assets</b>	
	Receivables	
	Other receivables	59,857
		<u>59,857</u>
	Cash	1,658,696
	<b>Total non-fixed assets</b>	<u>1,718,553</u>
	<b>TOTAL ASSETS</b>	<u><u>1,734,053</u></u>

## Financial statements for the period 28 October 2020 - 31 December 2021

### Balance sheet

Note	DKK	<u>2020/21</u>
	<b>EQUITY AND LIABILITIES</b>	
	<b>Equity</b>	
	Share capital	100,000
	Retained earnings	-820,152
	<b>Total equity</b>	<u>-720,152</u>
	<b>Liabilities other than provisions</b>	
	<b>Current liabilities other than provisions</b>	
5	Derivative financial instruments	2,227,980
	Trade payables	51,907
	Payables to shareholders and management	124,275
	Other payables	50,043
		<u>2,454,205</u>
	<b>Total liabilities other than provisions</b>	<u>2,454,205</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,734,053</u></u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 3 Recognition and measurement uncertainties
- 6 Contractual obligations and contingencies, etc.
- 7 Contingent assets

## Financial statements for the period 28 October 2020 - 31 December 2021

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	40,000	0	40,000
Capital increase	60,000	0	60,000
Transfer through appropriation of loss	0	-820,152	-820,152
<b>Equity at 31 December 2021</b>	<u>100,000</u>	<u>-820,152</u>	<u>-720,152</u>

## Financial statements for the period 28 October 2020 - 31 December 2021

### Notes to the financial statements

#### 1 Accounting policies

The annual report of ZTLment ApS for 2020/21 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.

#### 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

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).

##### 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.

##### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

##### Development costs

The item includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

##### 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 expenses

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

## Financial statements for the period 28 October 2020 - 31 December 2021

### 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

##### 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.

##### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

## Financial statements for the period 28 October 2020 - 31 December 2021

### Notes to the financial statements

#### 2 Going concern uncertainties

On December 31st 2021, the company's liabilities exceed the company's assets due to the accounting classification of the warrant instrument, which the London based venture fund invested on in October 2021.

Since the next funding round has not been closed and thus the warrant instrument is not converted yet, there is significant uncertainty associated with events or conditions that may create considerable doubts about the company's ability to continue operating, and that the company may therefore be unable to realize its assets and meet its obligations as part of the normal operation.

The warrant instrument will, however, convert to equity when the current funding round is closed. The funding will furthermore capitalize ZTLment safely beyond the €125k minimum capital requirement needed to obtain its payments institute license.

Even though the financial statement shows a negative equity as per December 31st 2021, it is therefore management's assessment that the company will continue operating as a going concern.

#### 3 Recognition and measurement uncertainties

In the Annual Report for 2021 there is a relation to recognition and measurement uncertainties in relation to financial instruments(derivatives). The management has set an accounting estimate in relation to recognition of the fair value on the financial instrument. The estimate is based on how the capital is paid in 2021.

DKK	2020/21 14 months
<b>4 Staff costs</b>	
Wages/salaries	658,296
Other social security costs	5,390
Other staff costs	42,832
	<u>706,518</u>
	<u>2020/21</u>
Average number of full-time employees	<u>3</u>

#### 5 Derivative financial instruments

The company has used warrants as investment instrument in 2021.

##### Fair values

The fair value of the below financial instruments deviates from the value recognised in the Company's balance sheet at 31 December 2021.

##### Fair values

DKK	Carrying amount	Fair value	Level for calculating fair value
Warrent contract	<u>2,227,980</u>	<u>2,227,980</u>	3

## Financial statements for the period 28 October 2020 - 31 December 2021

### Notes to the financial statements

#### 5 Derivative financial instruments (continued)

In relation to the warrant agreement, the contract has a nominal value of EUR 300k. In case of the company increase in value the investors will still receive the agreed amount of shares, which will dilute the investors.

For further commentation on the derivative, see note 2.

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

##### Other financial obligations

Other rent liabilities:

DKK	2020/21
Rent liabilities	<u>28,500</u>

Rent liabilities include a rent obligation which covers 3 months rent. The company has other than that a liability obligation for rent of a fixed place on Copenhagen FinTech lab for 2 months rent.

#### 7 Contingent assets

The company has tax loss carry-forwards totalling DKK 820,152. The nominal value thereof is 22%, totalling DKK 180,433. Management has not recognised a deferred tax asset in the balance sheet due to the uncertainty as to application of the tax losses in the coming 3-5 years.

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"By my signature I confirm all dates and content in this document."

## Jason Spasovski

### Board of directors

On behalf of: ZTLment ApS

Serial number: PID:9208-2002-2-684964098494

IP: 87.61.xxx.xxx

2022-07-01 09:08:18 UTC

NEM ID 

## Mads Stolberg-Larsen

### Executiv Board

On behalf of: ZTLment ApS

Serial number: PID:9208-2002-2-920288723957

IP: 87.61.xxx.xxx

2022-07-01 09:11:18 UTC

NEM ID 

## Mads Stolberg-Larsen

### Chairman

On behalf of: ZTLment ApS

Serial number: PID:9208-2002-2-920288723957

IP: 87.61.xxx.xxx

2022-07-01 09:11:18 UTC

NEM ID 

## Mads Stolberg-Larsen

### Board of directors, Chair

On behalf of: ZTLment ApS

Serial number: PID:9208-2002-2-920288723957

IP: 87.61.xxx.xxx

2022-07-01 09:11:18 UTC

NEM ID 

## Thomas Hjortkjær Petersen

### State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: PID:9208-2002-2-513808396599

IP: 165.225.xxx.xxx

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