

BLOCKTRADE S.A.
ANNUAL ACCOUNTS
FOR THE PERIOD FROM 06th OCTOBER 2020 TO 31st DECEMBER 2021

BLOCKTRADE S.A.
5, Place de la Gare
L-1616 Luxembourg

RCS Luxembourg : B248375

BLOCKTRADE S.A.
Annual Accounts
For the period from 06th October 2020 until 31st December 2021

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Board of Directors of
BLOCKTRADE S.A.
5, Place de la Gare
L - 1616 Luxembourg

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of BLOCKTRADE S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the period from 6 October 2020 to 31 December 2021 and notes to the annual accounts including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2021, and of the results of its operations for the period from 6 October 2020 to 31 December 2021 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 20 of the annual accounts, which states that the Company has suffered material losses from operations in 2022. Future generation of income and required cash to support the recurrent expenses are dependent on the success of further efforts and ability of the Company to enter into additional revenue-generating contracts and the continued support of its shareholders to aid in financing its operations. These conditions create a material uncertainty about the Company's ability to continue as a going concern. Management's plans to mitigate those matters are also described in Note 20. The annual accounts do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors 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 unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting 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 report of the “réviseur d'entreprises agréé” to the related disclosures in the annual accounts 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 report of the “réviseur d'entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other matter

The Company did not present its annual accounts with comparative information in respect of the preceding period as it started its operations in 6 October 2020.

Luxembourg, 14 April 2023

BDO Audit
Cabinet de révision agréé
represented by

A handwritten signature in blue ink, consisting of a series of fluid, connected strokes.

Patrick Terazzi

ABRIDGED BALANCE SHEET
Financial year from 06/10/2020 **to** 02 31/12/2021(in 03 EUR)

Blocktrade S.A.
 5, Place de la Gare
 L-1616 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107 2.2.1, 3	107 31,070.13	108
C. Fixed assets	1109	109 7,538,595.66	110
I. Intangible assets	1111 2.2.2, 4	111 7,504,722.50	112
II. Tangible assets	1125 2.2.3, 5	125 20,324.16	126
III. Financial assets	1135 2.2.4, 6	135 13,549.00	136
D. Current assets	1151	151 12,339,320.02	152
I. Stocks	1153 2.2.5, 7	153 634,787.04	154
II. Debtors	1163 2.2.6, 8	163 3,314,200.40	164
a) becoming due and payable within one year	1203 8	203 591,253.81	204
b) becoming due and payable after more than one year	1205 8	205 2,722,946.59	206
III. Investments	1189	189	190
IV. Cash at bank and in hand	1197	197 8,390,332.58	198
E. Prepayments	1199 2.2.7	199 168,761.74	200
TOTAL (ASSETS)		201 20,077,747.55	202

CAPITAL, RESERVES AND LIABILITIES
--

	Reference(s)	Current year	Previous year
A. Capital and reserves			
I. Subscribed capital	1301 _____	301 <u>16,047,415.61</u>	302 _____
II. Share premium account	1303 _____ 9	303 <u>22,335,129.10</u>	304 _____
III. Revaluation reserve	1305 _____	305 _____	306 _____
IV. Reserves	1307 _____	307 _____	308 _____
V. Profit or loss brought forward	1309 _____	309 _____	310 _____
VI. Profit or loss for the financial year	1319 _____	319 _____	320 _____
VII. Interim dividends	1321 _____ 11	321 <u>-6,287,713.49</u>	322 _____
VIII. Capital investment subsidies	1323 _____	323 _____	324 _____
	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
C. Creditors	1435 <u>2.2.10, 12</u>	435 <u>4,030,331.94</u>	436 _____
a) becoming due and payable within one year	1453 _____ 12	453 <u>1,307,385.35</u>	454 _____
b) becoming due and payable after more than one year	1455 _____ 12	455 <u>2,722,946.59</u>	456 _____
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>20,077,747.55</u>	406 _____

ABRIDGED PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 06/10/2020 to ⁰² 31/12/2021 (in ⁰³ EUR)

Blocktrade S.A.
5, Place de la Gare
L-1616 Luxembourg

	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651 13	651 -5,439,695.83	652
6. Staff costs	1605 15	605 -674,586.96	606
a) Wages and salaries	1607	607 -633,418.91	608
b) Social security costs	1609	609 -41,168.05	610
i) relating to pensions	1653	653 -26,151.67	654
ii) other social security costs	1655	655 -15,016.38	656
c) Other staff costs	1613	613	614
7. Value adjustments	1657	657 -154,351.93	658
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659 -20,872.23	660
b) in respect of current assets	1661 14	661 -133,479.70	662
8. Other operating expenses	1621	621 -14,293.60	622
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727 36,552.65	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731 36,552.65	732
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664

	Reference(s)	Current year	Previous year
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 _____	665 _____	666 _____
14. Interest payable and similar expenses	1627 _____	627 <u>-40,682.82</u>	628 _____
a) concerning affiliated undertakings	1629 _____	629 <u>-1,017.45</u>	630 _____
b) other interest and similar expenses	1631 _____	631 <u>-39,665.37</u>	632 _____
15. Tax on profit or loss	1635 _____	635 _____	636 _____
16. Profit or loss after taxation	1667 _____	667 <u>-6,287,058.49</u>	668 _____
17. Other taxes not shown under items 1 to 16	1637 _____	637 <u>-655.00</u>	638 _____
18. Profit or loss for the financial year	1669 _____ 11	669 <u>-6,287,713.49</u>	670 _____

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 1 - GENERAL INFORMATION

BLOCKTRADE S.A. (hereafter "the Company") was incorporated on 6th October 2020 and is organized under the laws of Luxembourg as a "Société anonyme" for an unlimited period.

The registered office of the Company is established at 5, Place de la Gare L-1616 Luxembourg.

The Company's financial year starts on 1st January and ends on 31st December of each year.

Exceptionally, the financial year ended on 31st December 2021 has started on 6th October 2020, date of incorporation of the Company, hereafter the "period".

The purpose of the Company is the creation, development and operation of digital platforms that combines the primary and secondary markets for digital assets and operation of correlated ancillary activities. The Company may develop and operate an institutional-grade digital assets exchange that focuses on cutting-edge technologies and high security standards, provided that the Company may only carry out activities requiring any license or registration with any Luxembourg authority to the extent it has been granted such license or duly registered to that effect.

The Company may borrow in any form. It may issue notes, bonds, convertible notes and debentures and any kind of debt and/or equity securities, including but not limited to digital assets within or through secured electronic registration mechanisms such as distributed electronic ledgers or databases. The Company may also securitise, and/or facilitate the circulation of, its assets or liabilities by any means and in any kind or form. The Company may lend funds including the proceeds of any borrowings and/or issues of debt securities to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against risks related to credits, currency exchange and interest rate fluctuations as well as other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly further or relate to its purpose.

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 2.1 - Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention.

The accounting records and annual accounts are prepared in Euro.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise their judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Based on the criteria defined by Luxembourg law, the Company is exempt for the obligation to draw up consolidated accounts and a consolidated management report for the period ended 31st December 2021. Therefore, in accordance with the legal provisions, the annual accounts were presented on a non-consolidated basis.

Note 2.2 - Significant accounting policies

The main valuation rules applied by the Company are the following:

Note 2.2.1 - Formation expenses

The formation expenses are written-off on a straight-line basis over a period of 3 years.

Note 2.2.2 - Intangible assets

Intangible assets are valued at purchase price including the expenses incidental thereto or at production cost; less cumulated depreciation amounts written off and value adjustments. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Methods
Software Licences	33.33%	Linear

Patents are not amortized.

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 2.2.3 - Tangible assets

Tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost. Tangible assets are depreciated over their estimated useful economic lives.

The depreciation rates and methods applied are as follows:

	Depreciation rate	Methods
Furniture	20%	Linear
Computer equipment	20%	Linear
Other fixtures	20%	Linear

Note 2.2.4 - Financial fixed assets

Shares in affiliated undertakings and loans granted to these undertakings or other companies and defined, as financial fixed assets are valued at their nominal value, including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Company, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.5 - Inventories of crypto currencies

Inventories of crypto currencies are valued at the market value. A value adjustment is recorded where the market value is different from acquisition cost.

The valuation of digital assets portfolio as at 31st December 2021 was based on the bellow EUR rates:

<i>Digital asset description</i>	<i>Countervalue EUR at 31/12/2021</i>
BCH	378.58
BTC	40,708.00
Ripple	0.73
LTC	128.80
ETH	3,237.40
BAT	1.06
USDC	0.88
Matic	2.22
Stellar	0.24

BLOCKTRADE S.A.
Notes to the Annual Accounts
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Note 2.2.6 - Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The digital assets are valued at Market Value. A value adjustment is recorded where the market value is different from acquisition cost.

Note 2.2.7 - Prepayments

This asset item includes expenditures and payments incurred during the period but relating to a subsequent financial year.

Note 2.2.8 - Foreign currency translation

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realization. Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account whereas the net unrealized exchange gains are not recognized.

Note 2.2.9 - Provisions

Provisions are intended to cover charges or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the period under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the taxation has not yet been made by the tax authorities are recorded under the caption "*Creditors*". The advance payments are shown in the assets of the balance sheet under the "*Debtors*" item.

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 2.2.10 - Creditors

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued.

The digital assets are valued at Market Value. A value adjustment is recorded where the market value is different from acquisition cost.

Note 2.2.11 - Value adjustments

Value adjustments are deducted directly from the related asset/liability.

Note 2.2.12 - Gross profit or loss

The Gross profit or loss is composed of the operating charges of the Company and the sale invoice issued by the Company.

Note 3 - FORMATION EXPENSES

The movements for the period are listed in the table below:

	Set-up fee	Total
	EUR	EUR
Gross book value – opening balance	0.00	0.00
Additions of the period	48,631.29	48,631.29
Gross book value – closing balance	48,631.29	48,631.29
Accumulated value adjustment – opening	0.00	0.00
Allocations for the period	(17,561.16)	(17,561.16)
Accumulated value adjustment – closing	(17,561.16)	(17,561.16)
Net book value – closing balance (31.12.2021)	31,070.13	31,070.13
Net book value – opening balance (06.10.2020)	0.00	0.00

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 4 - INTANGIBLE ASSETS

The movements for the period are listed in the table below:

	Patents	Software licences	Total
	EUR	EUR	EUR
Gross book value – opening balance	0.00	0.00	0.00
Additions of the period	7,500,000.00	5,000.00	7,505,000.00
Gross book value – closing balance	7,500,000.00	5,000.00	7,505,000.00
Accumulated value adjustment – opening	0.00	0.00	0.00
Allocations for the period	0.00	(277.50)	(277.50)
Accumulated value adjustment – closing	0.00	(277.50)	(277.50)
Net book value – closing balance (31.12.2021)	7,500,000.00	4,722.25	7,504,722.50
Net book value – opening balance (06.10.2020)	0.00	0.00	0.00

The patents held by the Company is a Digital Assets Exchange Software.

Note 5 - TANGIBLE ASSETS

The movements for the period are listed in the table below:

	Furniture	Computer Equipment	Other Fixtures	Total
	EUR	EUR	EUR	EUR
Gross book value – opening balance	0.00	0.00	0.00	0.00
Additions of the period	604.85	21,268.53	1,484.35	23,357.73
Gross book value – closing balance	604.85	21,268.53	1,484.35	23,357.73
Accumulated value adjustment – opening	0.00	0.00	0.00	0.00
Allocations for the period	(60.48)	(2,775.17)	(197.92)	(3,033.57)
Accumulated value adjustment – closing	(60.48)	(2,775.17)	(197.92)	(3,033.57)
Net book value – closing balance (31.12.2021)	544.37	18,493.36	1,286.43	20,324.16
Net book value – opening balance (06.10.2020)	0.00	0.00	0.00	0.00

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 6 - FINANCIAL FIXED ASSETS

The movements for the period are as follows:

	Deposits and Guarantees EUR	Total EUR
Gross book value - opening balance	0.00	0.00
Additions for the period	13,549.00	13,549.00
Gross book value - closing balance	13,549.00	13,549.00
Net book value - closing balance (31.12.2021)	13,549.00	13,549.00
Net book value - opening balance (06.10.2020)	0.00	0.00

Note 7 - STOCKS

As of 31st December 2021, this item is composed of inventories of crypto currencies, which have been purchased by the Company, for resale to customers, for a total amount of EUR 634,787.04. The acquisition cost amount to EUR 654,910.57 and the difference between the market value and the acquisition cost is recorded under value adjustments in respect to current assets (see note 14).

Note 8 - DEBTORS

Amounts owed and receivables for the accounts shown under "debtors" are as follows:

	Within one year EUR	After one year EUR	Total 2021 EUR
Trade receivables	371,511.33	0.00	371,511.33
Tax receivables	33,098.65	0.00	33,098.65
Other receivables	186,643.83(*)	2,722,946.59 (**)	2,909,590.42
Total	591,253.81	2,722,946.59	3,314,200.40

(*) On 24 September 2021, the Company is entered into a Loan Agreement amounting to EUR 300,000.00 which does not bear any interest. Following a partial repayment in August 2022, for an amount of EUR 186,643.83 and after being informed that that the remaining part of the loan amounting to EUR 113,356.17 is unlikely to be recovered by the Company. The Management decided to partially impair the remaining amount receivable for a total amount of EUR 113,356.17.

(**) See note 12.

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 9 - SUBSCRIBED CAPITAL

The subscribed capital amounts to EUR 22,335,129.10 and is divided into 1,582,000,000 class A shares and 373,968,334 class B shares fully paid up.

	2021
	EUR
Subscribed capital - opening balance	200,000.00
Increase of the period	22,135,129.10
Decrease of the period	0.00
Subscribed capital - closing balance	22,335,129.10

As of 31st December 2021, there are no beneficial units, convertible bonds and similar securities or rights.

Note 10 - RESERVES

Note 10.1 - Legal Reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 11 - MOVEMENT FOR THE PERIOD ON THE RESERVES AND PROFIT AND LOSS ITEMS

The movements for the period are as follows:

	Legal reserve	Reserve for own Shares	Reserves provided for by the articles of association	Other reserves	Profit or loss brought forward	Profit or loss for the financial period
	EUR	EUR	EUR	EUR	EUR	EUR
As at 06/10/2020	0.00	0.00	0.00	0.00	0.00	0.00
Movements for the period:						
- Allocation of previous year's profit or loss	0.00	0.00	0.00	0.00	0.00	0.00
- Profit or loss for the period	0.00	0.00	0.00	0.00	0.00	-6,287,713.49
As at 31/12/2021	0.00	0.00	0.00	0.00	0.00	-6,287,713.49

BLOCKTRADE S.A.
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Note 12 - CREDITORS

Amounts due and payable for the accounts shown under “creditors” are as follows:

	Within one year	After one year	Total 2021
	EUR	EUR	EUR
Trade creditors	1,239,598.77	0.00	1,239,598.77
Tax debts	19,078.23	0.00	19,078.23
Social security debts	8,919.32	0.00	8,919.32
Other debts	39,789.03	2,722,946.59(*)	2,762,735.62
Total	1,307,385.35	2,722,946.59	4,030,331.94

(*) The Company invested into some cryptocurrencies (BTC, ETH, LTC ...). These cryptocurrencies are stocked in wallets (i.e. BitGo / Kraken). The amount of EUR 2,722,946.59 is the total value of these cryptocurrencies held by the customer on the Company’s platform. The value of the cryptocurrencies held by the Company is amounting to EUR 634,787.04 and is recorded under Stocks (see note 7). The exchange rate has been taken on CoinMarketCap (<https://coinmarketcap.com/>) at year end between USD and cryptocurrencies. The rate between EUR and USD has been taken on ECB (<https://www.ecb.europa.eu>).

BLOCKTRADE S.A.
Notes to the Annual Accounts
For the period from 06th October 2020 until 31st December 2021

Note 13 - GROSS PROFIT OR LOSS

The gross profit or loss is composed as follows:

	2021
	EUR
Consumable materials and supplies	
- Fuels, gas, water and electricity	(89,516.63)
- Rebates, discounts and refunds received and not directly deducted from purchases	11.48
Other external charges	
- Rents and operational leasing for real property	(80,095.66)
- Rents and operational leasing on movable property	(73.70)
- Remuneration of intermediaries and professional fees	(210,104.42)
- Banking and similar services	(84,177.69)
- Professional fees (*)	(14,516,257.30)
- Insurance premiums	(7,500.00)
- Marketing and advertising costs	(31,252.81)
- Travel expenses	(26,067.22)
- Postal charges and telecommunication costs	(229.06)
- Miscellaneous external charges	(117.38)
- Supplies and small equipment	(41,715.80)
Net turnover	
- Sales of services (**)	9,613,988.36
Other operating income	
- Other miscellaneous operating income	33,412.00
Total	(5,439,695.83)

(*) As at 31st December 2021, professional services mainly include IT services, portfolio management advice, insurance on the management of crypto-currencies, support on the management of crypto-currencies and the cost incurred by the Company related to a business corporation agreement between BLOCKTRADE S.A. and Blocktrade Operations OÜ. This agreement states that BLOCKTRADE S.A. bears 75% of the costs of Blocktrade Operations OÜ.

(**) As at 31st December 2021, sales of services are mainly composed of sales invoices related to a business corporation agreement between BLOCKTRADE S.A. and Blocktrade Operations OÜ. This agreement states that BLOCKTRADE S.A. receives 75% of the revenues of Blocktrade Operations OÜ.

Note 14 - VALUE ADJUSTMENTS IN RESPECT OF CURRENT ASSETS

This item, amounted to EUR 133,479.70 is represented by:

- An impairment related on the loan amounted to EUR 113,356.17 (see note 8); and
- The impairments related to the crypto-currencies held by the Company for a total amount of EUR 20,123.53 (see note 7).

Note 15 - STAFF

The Company employed an average of 4.41 full-time equivalent persons during the period.

Note 16 - EMOLUMENTS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AND COMMITMENTS IN RESPECT OF RETIREMENT PENSIONS FOR FORMER MEMBERS OF THOSE BODIES

The members of the administrative, managerial and supervisory bodies have not been granted any advances nor credit from the company.

Note 17 - ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

No commitment or guaranty has been taken on behalf of the members of the administrative, managerial and supervisory bodies.

Note 18 - TAXATION

The Company is subject to the general taxation rules applicable to commercial companies in Luxembourg.

Note 19 - OFF-BALANCE SHEET COMMITMENTS

The company has no off-balance sheet commitments at 31st December 2021.

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Note 20 - SUBSEQUENT EVENTS - GOING CONCERN

In February 2022, Russia launched a full-scale military invasion into Ukraine and the economic consequences of the conflict are significant. The gas and fuel prices along with the electricity cost substantially increased, incurring at the same time an unprecedented inflation increase for the usual economy standards, implying at the same time a substantial hit to global growth. The Western countries announced several sanctions on Russia, which further inflated the energy prices and added complexity to the world trade.

The Ukraine crisis is not expected to considerably affect the Company in mid-long term, however due to the uncertainty and the volatility persisting in the markets for as long as the conflict is not terminating, the management is closely monitoring the developments and taking all the decisions appropriate within their operations on those countries.

During 2022 and based on the signed Purchase Agreement dated 15th of August 2022, the ownership of 1,582,000,000 class A shares with voting right and 8,283,103 class B shares without voting right of the Company was transferred from the main shareholder EliteClub Foundation to Web3 Investco AG, a Swiss private equity firm that invests in specific segments of the blockchain technology, payment services and software industries.

Blocktrade Operations OÜ, a company governed by Estonian law and registered as virtual asset service provider with the Estonian Financial Intelligence Unit, is a fully owned subsidiary of the Company since the transfer of its shares effective as of 21 October 2022.

Due to customer prudential behaviour as well as the FTX scandal, the trend was moving toward a significant decrease of Crypto-trading volumes by the end of 2022. This decrease in digital prices and significant prices volatility has greatly impacted every actor of the crypto exchange market (whether major or minor actor).

During the year 2022, BLOCKTRADE S.A. suffered material financial losses and the Company had to readjust its strategy, to ensure further operations of the group. Future generation of income and required cash to support the recurrent expenses are dependent on the success of further efforts and ability of the Company to enter into additional revenue-generating contracts and the continued support of its shareholders to aid in financing its operations. These conditions create a material uncertainty about the Company's ability to continue as a going concern.

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The Company structure and ownership have changed, and many related entities have been regrouped under full direct or indirect control of BLOCKTRADE S.A. In December 2022, A cost-cutting plan has been set up and close to 50% of employment agreements and service agreements have been terminated.

A Token is under issuance process by Blocktrade Operations OÜ for first half of 2023. The current pre-sale system allowed to raise over EUR 1.14 million in early 2023. A public offering will be initiated of which BLOCKTRADE S.A. hopes receiving EUR 8.8 million. Finally, a gamification experience is under implementation for the users of the Platform and to different apps. This activity will allow BLOCKTRADE S.A. to generate even more revenue.

There were many changes during the year 2022 in the Board of Directors membership as Mr. Christian Niedermueller replaced Mr. Bernhard Blaha as CEO and board member, in addition to two new board members Messrs. Oliver Stauber and Konstantin Horejsi that replaced Mr. Aleksander Jerenko.