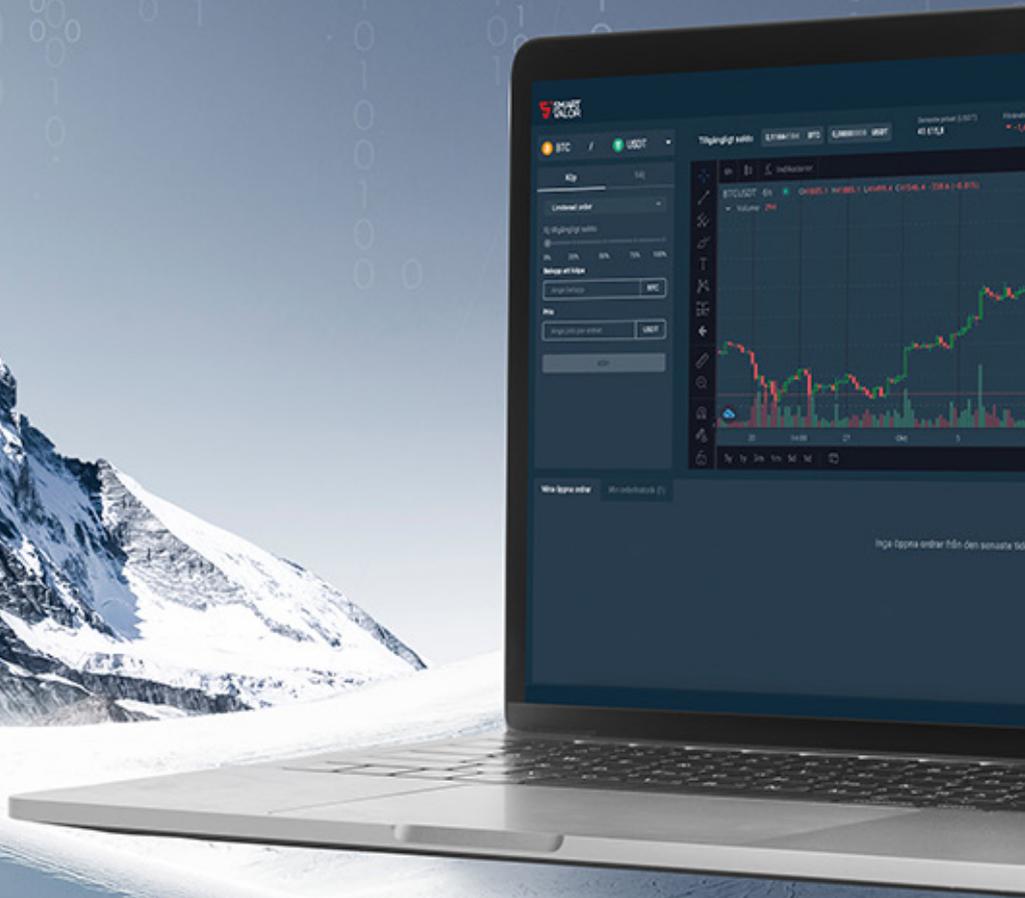




# PRELIMINARY YEAR END REPORT 2021



# TABLE OF CONTENTS

FOUNDERS LETTER	3
HIGHLIGHTS 2021	5
OUTLOOK 2022	12
MARKET DEVELOPMENT	13
FINANCIAL OVERVIEW	17
GLOSSARY	24
ADDRESS	26



# FOUNDERS LETTER



**OLIVER FELDMIEIER,  
CEO AND CO-FOUNDER**



**THOMAS FELBER,  
CTO AND CO-FOUNDER**



**OLGA FELDMIEIER,  
BOARD CHAIR AND  
CO-FOUNDER**

**DEAR STAKEHOLDERS, CUSTOMERS AND SUPPORTERS,**

First of all we would like to thank each of you for your support and trust in us, as a team, and in SMART VALOR as a company. We are united in the belief that blockchain technology has come to revolutionize not only how finance works, but also how people work together and define ownership. Already today, new concepts such as NFTs (non-fungible tokens), ownership rights recorded on the blockchain, cheap instant payments with cryptocurrencies and decentralized finance applications have started to paint the picture of our future in the next iteration of internet, the metaverse. The beginning of this megatrend is already visible today. During the last years, blockchain technology has been the engine of the biggest growth in the fintech space. The market capitalization of the crypto industry reached USD 2.7 trillion in December 2021, growing on average 168% every year since 2013, while trading volumes grew by 200% on average each of the last five years.

Since we founded SMART VALOR in 2017, we have managed to overcome every obstacle on the way to becoming the first, and still the only full-service digital asset exchange in our region, Switzerland and Liechtenstein. Now growing beyond our home turf, the year 2021 has become a historical, highly successful year for us. The key accomplishments were a) an exceptionally strong user and volume growth on the retail exchange, b) the establishment of a B2B service offering and c) becoming the first Nasdaq-listed digital asset exchange in Europe. These achievements were accompanied by building up the organization and achieving significant financial results. Our revenues grew 231% year on year, from CHF 2.7 million in 2020 to CHF 9.1 million in 2021.

2021 was the first full year that our exchange and investment platform has been operating with a broad set of functionalities, including such important functions as fiat

deposits executed in cooperation with local banks. On the retail side, during this year we focused on building out the technical infrastructure, listing of additional digital assets and establishing a marketing presence. The number of trading pairs available on the exchange grew from 63 to 176 as of December 2021. With these efforts we managed to grow our customer base by 207% year on year. The number of transactions reached 220,691 representing a 2,607% increase over the year before. Trading volumes increased by 2,150% to CHF 119.6 million, over the prior year.

Another enhancement on the exchange platform was the continuation of the setting-up of the marketplace for non-fungible tokens (NFTs), currently running in beta under the VALOR Prime brand. On the strategic side, it is clear that the NFT space and the bigger trend with the tokenization of assets have very big potential and will play a key role in the establishment of the metaverse. Therefore, we will continue to build infrastructure for this sector.

By now digital assets have evolved into an important product vertical, which customers have started to demand. Currently, we are observing significant interest from traditional financial institutions. So, in 2021 we developed a new product offering for banks: Crypto-as-a-Service. This solution significantly reduces market introduction time and investment costs for banks. SMART VALOR also provides full regulatory coverage and ensures compliant procedures in accordance with the EU AML Directive.

On this front, the highlight of 2021 was the engagement of our first banking partner, the Swiss bank Dukascopy. We have completed the API integration work, which will enable customers of Dukascopy to buy and sell digital assets on SMART VALOR using their deposits at Dukascopy. Arriving at the moment of being ready to go-live with our first banking partner on the B2B side is a big achievement for SMART VALOR.



During the course of 2021 part of our management team was working on a mission to make SMART VALOR the first Nasdaq-listed digital asset exchange in Europe. The way here was not easy and was fraught with multiple hurdles, not only due to the nature of the business and reluctance of Euroclear connected banks to work with crypto companies, but also due to the company's domicile being in Switzerland, a non-EU country. However, we managed to find a solution to all initially unsolvable problems, receiving conditional approval from Nasdaq on 22 December 2021 to go for an initial public offering via the issuance of Swedish Depository Receipts. As a result, the company raised SEK 132,3 million in three tranches (two private offerings and one smaller public offering), all of which were oversubscribed. This was unequivocally one of the biggest achievements for our company in 2021.

The primary rationale for this move was to continue to build out SMART VALOR's status as a trusted gateway to digital assets and blockchain technology. Trust is central to our business model not only to attract more retail customers, but also to be able to pass compliance and onboarding checks, working with banks and fintech companies within our B2B Crypto-as-a-Service strategy. Lastly, we consider this a big achievement not only for SMART VALOR, but also for the entire blockchain industry in terms of its maturity and evolution to better governance, transparency and compliance.

The year 2021 has also become the year in which we have significantly built out SMART VALOR from an organizational point of view. We established a marketing team, legal

function, hired additional tech talent and extended the board of directors.

We also fundamentally built up our compliance function. Apart from growing the compliance team, we reworked a significant part of key compliance processes from KYC (Know Your Customer – onboarding or customer registration process) to transaction monitoring. We implemented new tools for compliance on the blockchain and underwent two AML audits in Switzerland and Liechtenstein. Lastly, we continued to put regulatory compliance at the heart of our corporate culture.

Dear shareholders, in closing this letter about the results for 2021, we would like to express tremendous gratitude to you for putting your faith in us, and joining us as new investors, and continuing to support us as early investors. We also would like to take this opportunity to thank our committed staff for all their efforts and for the amazing job they are doing. Blockchain technology and the shift to Web3 and metaverse will allow us to move towards a better, fairer and more equal society. The way there is paved with courage and hard work, to which we jointly contribute, you as an investor and us as a power engine. Together we are certain we can continue to reach new highs and build another great company.

Oliver Feldmeier, CEO and co-founder

Thomas Felber, CTO and co-founder

Olga Feldmeier, board chair and co-founder



# HIGHLIGHTS 2021 - SUMMARY

## STRONG USER AND VOLUME GROWTH ON THE RETAIL EXCHANGE

**+2,150%**  
CHF 119 M

TRANSACTION  
VOLUME

**+2,607%**  
220,691

TRANSACTIONS  
EXECUTED

**+113**

NEW TRADING PAIRS  
LISTED

**+ 207%**

CUSTOMER GROWTH

In 2021 SMART VALOR retail exchange and investment platform entered the scaling phase, achieved through activation of existing customers, acquisition of new customers, extension of tradable assets and establishment of marketing organization.

## ESTABLISHMENT OF B2B CRYPTO-AS-A-SERVICE OFFERING

Digital assets are becoming an important product category demanded by a growing number of investors. In 2021 SMART VALOR technical team has developed B2B Crypto-as-a-Service for banks and fintechs, which enables them to offer digital assets to their customers through API integration

with SMART VALOR. The company moved beyond the concept to implementation, with the engagement of the Switzerland-based bank Dukascopy.

## GOING PUBLIC ON NASDAQ FIRST NORTH

**CHF 13 M**

CAPITAL RAISED

**CHF 87 M**

POST-MONEY  
VALUATION

SMART VALOR has become the first Nasdaq-listed digital asset exchange in Europe and the first company from the Swiss Crypto Valley to go public. This will help to further build SMART VALOR's status as a trusted partner for B2B and retail business.

## ACHIEVING SIGNIFICANT FINANCIAL RESULTS

**+231%**  
CHF 9.0 M

REVENUE

**+745%**  
CHF 2.3 M

EBITDA

**+376%**  
CHF 34.3 M

ASSETS UNDER  
CUSTODY

Driven by growing user numbers and transaction volumes as well as the performance of our market making activities, we increased total income (revenue) in 2021 by 231% year-on-year from CHF 2.7 million in 2020 to CHF 9 million. This was achieved with positive operating result (EBITDA) of CHF 2.3 million, up 745% year-on-year.



# HIGHLIGHTS 2021

SMART VALOR's mission is to give investors secure and compliant access to digital assets and cryptocurrencies. True to this mission in 2021 we achieved significant milestones such as:

- Strong user and volume growth on the retail exchange
- Establishment of B2B service offering
- Going public on Nasdaq First North
- Building up the organization
- Achieving significant financial results

## STRONG USER AND VOLUME GROWTH ON THE RETAIL EXCHANGE

2021 was the first full operational year for the exchange and investment platform equipped with all key functionalities such as fiat deposit executed in cooperation with local banks. On the retail side, during this year we focused on a) further build-out of the technical infrastructure b) listing of additional digital assets and b) establishing marketing organization.

Chainlink and Yearn Finance and metaverse assets such as Decentraland, Sandbox and Superrare.

The number of trading pairs available on the exchange grew from 63 to 176 as of December 2021. We added new stable coins and 17 new digital assets, including blockchain protocols such as Cardano, DeFi assets such as Uniswap,

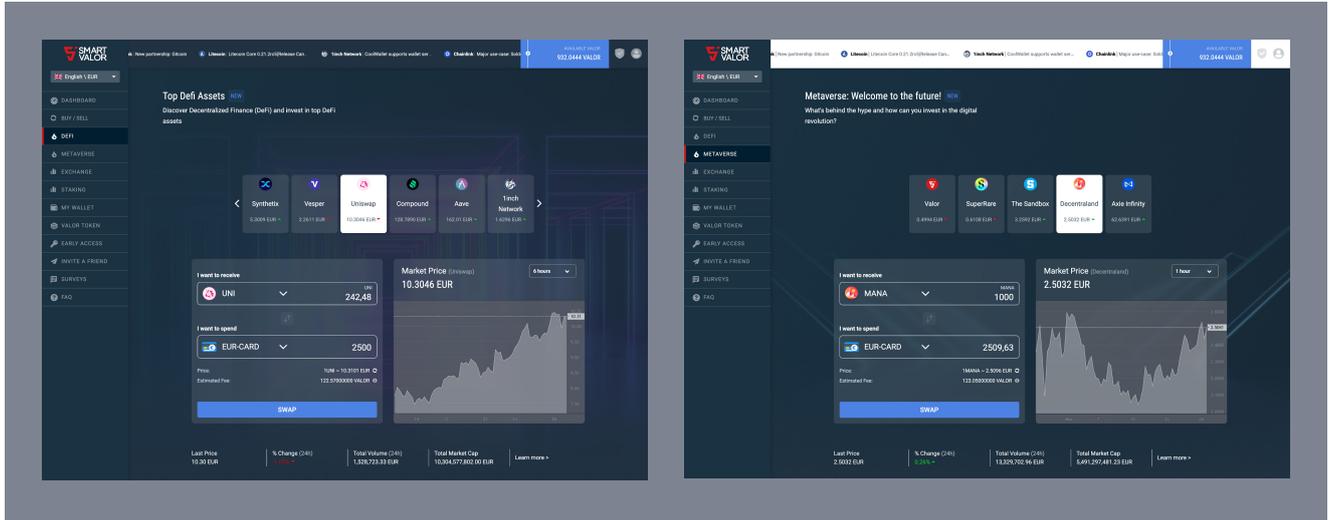
Now, investors coming to SMART VALOR can build a comprehensive digital asset portfolio consisting of - important verticals such as cryptocurrencies, protocols, DeFi and metaverse as well as other assets. They can do it easily and cost-effectively as SMART VALOR offers highly competitive pricing (only 0,29% on crypto transactions). In October 2021 we even launched a 0% fee campaign on fiat-crypto transactions.

The grid contains 24 cards, each with a title and a short description:

- Yearn (YFI): Automating Yield Farming**: Yearn Finance is a unique protocol for automating DeFi yield farming. Given the \$700 million market cap for its YFI token it also appears many are choosing it as a useful investment.
- Trading Uniswap at SMART VALOR**: In a few short years, Uniswap grew from an obscure software project to one of the most valuable tokens in cryptocurrency, with a total value exceeding \$22 billion USD. So what is behind the meteoric rise of Uniswap, and will it be able to maintain this growth rate?
- linch (INCH) – The DeFi/DEx Aggregator**: linch is a DEX aggregator that selects the best crypto prices from numerous decentralized exchanges (DEXs) for its users to trade directly on the platform.
- Curve (CRV): Efficient Stablecoin Trading**: Curve specializes in the decentralized finance uses of stablecoins, and its CRV token is increasingly popular for traders and investors.
- Discover Synthetix and the SNX Token**: Synthetic assets and SNX Tokens – what is the connection? Get to know Synthetix and the opportunities to invest in this Decentral Finance (DeFi) project.
- The Sandbox (SAND): Play to Earn**: The Sandbox is a unique ecosystem that allows users to establish their own platforms and virtual experiences in the metaverse for fellow Sandbox members to share.
- Introducing the USDC Stablecoin**: Launched in September of 2018 by peer-to-peer payment processing company Circle and Coinbase, the USDC coin was created up to offer both traders and investors the "best of both worlds" on the blockchain. By creating a stablecoin pegged to the US dollar, people were given the option to switch between volatile digi...
- What is Maker DAO (MKR)? Replacing Central Banks**: Get to know MKR, the DeFi token of Maker DAO – a DeFi project that bypasses central banks and uses decentralized finance with MKR and the DAI stablecoin.
- Axie Infinity (AXS): Gaming Your Way to Profits**: With Axie Infinity, a blockchain game in the Metaverse, you can breed digital pets and sell them as NFTs. The AXS token is also interesting for investors.
- SuperRare (RARE): The Premier NFT Platform**: SuperRare combines digital art with crypto by allowing rising artists to feature their work in its growing Metaverse marketplace to be sold as NFTs to collectors.
- Chainlink (LINK): Decentralized Oracles**: By linking real-world data with on-chain data, Chainlink plays an important role in both Decentralized Finance and blockchain technology in general.
- Key facts about Cardano**: A more democratic, fairer society with economic participation for all people – what sounds like utopia is the declared goal of one of the most existing blockchain projects on the market. Cardano, the "third-generation blockchain" has set out to master the challenges that Bitcoin and Ethereum have so far been unable to solve: sca...
- Kyber Network (KNC): Enabling Easy Access to Liquidity Pools**: Kyber Network is one of the most popular decentralized exchanges (DEXs). It allows users to conveniently trade Ethereum and ERC-20 tokens without having to give up the keys to their digital assets or any of their personal data.
- Compound (COMP): The DeFi Lending Token**: Compound is an innovative protocol that hosts a wide variety of pools on the Ethereum network for digital assets like Tether, Wrapped BTC, Ether, DAI, Chainlink, and its own native governance token, COMP.
- BAT: Powering Web Searches**: The Basic Attention Token (BAT) is a utility token with a unique purpose to incentivize users to browse the internet. It powers the Brave advertising platform.
- AAVE Open Source DeFi Protocol**: AAVE (AAVE): The Open Source DeFi Protocol. AAVE is currently the largest decentralized financial (DeFi) protocol in the crypto space. But it faces some strong competition for its number one position.
- Decentraland (MANA): Building a Virtual World**: The blockchain game Decentraland is a virtual reality platform where users buy real estate in the metaverse and can convert land units into unique NFTs.
- Introducing SMART VALOR Metaverse**: SMART VALOR has launched a metaverse section on its platform and is now listing tokens that might be attractive investments for your crypto portfolio.



# Prime Marketplace for Rare, Investible Assets



To improve the user experience and allow easy navigation across the complex range of assets, we introduced “sector view” such as for DeFi and Metaverse assets. Instead of a lengthy list of digital assets, users can browse through specific industry sections. In addition, background information and research on each asset were added.

On the organizational side, we established a marketing team and laid the technical foundations for scaling our digital marketing execution. This included developing an infrastructure for affiliate and organic outreach, upgrade of the website, and creating a content marketing process.

As a result, we managed to activate existing users and further grow our customer base by 207% year on year. The number of transactions reached 220,691, representing an increase of 2,607% over the previous year. The trading volume increased by 2,150% to CHF 119.6 million.

Another enhancement on the exchange platform was the continuation of building the marketplace for non-fungible tokens (NFTs), currently in beta under the VALOR Prime brand. The technical team implemented SMART VALOR exchange wallet integration with VALOR Prime. With this, we achieved real-time compliance and payments with fiat currencies for purchases of NFTs. Today’s NFT marketplaces do not allow for fiat currency payments as they do not have a compliance layer and are not licensed as financial intermediaries. However, to open NFT markets to the masses, traditional payment methods such as credit cards are needed. This is where our regulated custodian and exchange status comes into play.

TRANSACTION VOLUME	TRANSACTIONS EXECUTED	NEW TRADING PAIRS LISTED	ASSETS UNDERCUSTODY	CUSTOMER GROWTH
<b>+2,150%</b>	<b>+2,607%</b>	<b>+113</b>	<b>+376%</b>	<b>+ 207%</b>
CHF 119 M	220,691		CHF 34.3 M	



## ESTABLISHMENT OF A B2B SERVICE OFFERING

Digital assets are becoming an important product category demanded by a growing number of investors. For first movers such as Paypal, Square, Revolut, Etoro or Robinhood, digital assets turned out to be a powerful engine for growth and generated significant revenues. Today, nearly every financial institution is trying to figure out their approach to digital assets. We believe that through putting our hands together with these institutions, we can scale our business in the most efficient way.

Therefore, at the beginning of last year, our technical team started to work on developing our APIs in a way which would enable easy integration with banks. We developed a new product offering for banks, Crypto-as-a-Service. For banks, this solution can reduce time-to-market from up to two years to sixty days, and the investment cost from dozens of millions of dollars to zero, utilizing a transaction fee share model.

The Crypto-as-a-Service offering also includes full regulatory coverage and the compliance procedures in accordance with the European Anti-Money Laundering Directive. Moreover, we can support the digital asset operations of the bank by providing specially trained personnel for 1st and 2nd level customer service.

A highlight of 2021 was that we managed to move beyond the concept to implementation, with the engagement of our first banking partner, the Swiss bank Dukascopy. So far, we have completed the API integration work, which will enable customers of Dukascopy to buy and sell digital assets on SMART VALOR using their deposits on their accounts at Dukascopy bank.



## GOING PUBLIC ON NASDAQ FIRST NORTH

2021 was the year in which the management team made one of the most important decisions in the company's history: SMART VALOR should become the first Nasdaq-listed digital asset exchange in Europe and the first company from the Swiss Crypto Valley to go public. The intention for this move was to further build SMART VALOR's status as a trusted gateway to blockchain technology. Because trust is central to our business model, both in terms of retail business and for the development of the B2B business. Compliance and onboarding with traditional financial institutions are often the most challenging parts of the partnership establishment process. Becoming a public company running a well-governed organization, fully transparent, publishing audited financial statements and being subject to information disclosures and market abuse regulation contributes to building trust, which is particularly needed in such an early-stage industry as crypto.

After great effort by the entire team and numerous hurdles to overcome, SMART VALOR received conditional approval for listing on Nasdaq First North Growth Market in December 2021. The company subsequently raised SEK 132.3 million

through two private and one public offering, all of which were oversubscribed.

As the crypto industry today still has a somewhat grey reputation, we decided to voluntarily submit to the strict regulations for public companies and in particular to the rulebook of Nasdaq First North. It was clear to us that in the short term this would bring some challenges to how the company is run, such as the addition of new board members, compilation of audited financial statements, timely disclosure of ad hoc information, etc. Also, that the public stock market might not yet be completely ready for an early-stage technology such as crypto and not yet have enough of an established institutional investor base, causing possible volatility risk in the short term.

Despite these foreseen challenges, we made the decision to go public, because we believe that the advantages for our company would outweigh the related challenges. Therefore, this was a strategic move that we believe will benefit the development of our company in the long term.



## BUILDING UP THE ORGANIZATION

The year 2021 was also the year in which SMART VALOR significantly expanded from an organizational point of view. Two areas in particular stood out: team and compliance. A marketing team and a legal department were established, additional technical specialists were hired, and the board of directors was expanded.

The compliance function was fundamentally built-up. Apart from increasing the compliance team, we reworked many of the key compliance processes from KYC (Know Your Customer – onboarding or customer registration process) to transaction monitoring.

Together with external service providers, we conducted an in-depth internal risk assessment and improved processes. We established an additional transaction monitoring process, changed the provider for blockchain fraud prevention and added another provider for digital onboarding. The credit card fraud detection procedures were enhanced and collaboration with card providers were strengthened. This led to a significant reduction in fraud cases.

During spring 2021 we underwent two AML (anti-money laundry) audits in Switzerland and in Liechtenstein. We

engaged highly reputable auditors in Switzerland (Grant Thornton) and in Liechtenstein (ACC Audit). The former is a FINMA and VQF authorized auditor, the latter has an accreditation with the FMA as an authorized AML auditor.

Since its inception, SMART VALOR's highest priority has been commitment to regulatory compliance. In 2018, we became one of the first Swiss crypto companies to receive authorization in Switzerland to act as a financial Intermediary and a member of VQF, the Swiss financial service standards association and self-regulatory organization supervised by FINMA (the Swiss financial authority). In 2020, the FMA (Financial Market Authority of Liechtenstein) granted SMART VALOR one of the first registrations to operate its digital asset exchange and provide custodial services to its customers under the new regulatory framework "Blockchain Act" (TVTG). In our view this regulatory framework is more advanced and deeper than the current European framework (MiCA) which is about to be implemented in Europe. In this sense, we believe that we are not only ready but have also already overcome the regulatory hurdles that many crypto companies in Europe will face in the coming years.



## ACHIEVING SIGNIFICANT FINANCIAL RESULTS

2021 was a year with strong growth for SMART VALOR. Driven by growing user numbers and transaction volumes as well as the performance of our market making activities, we increased total income in 2021 by 231% (year-on-year). Total income for 2021 amounted to KCHF 9,053.

This was achieved with positive operating results (EBITDA) of KCHF 2,308, up 745% (year-on-year). Net results improved from a loss of KCHF 1,443 in 2020 to a loss of

KCHF 574 in 2021. Earnings per share improved from CHF -0.12 in 2020 to CHF -0.05 in 2021.

Total assets have increased in 2021 by KCHF 3,525 to KCHF 7,929. Total liabilities have increased in 2021 to KCHF 6,960. The largest contributing factor was the issuance of a convertible loan of KCHF 3,530. The loan was converted to equity in February 2022 in connection with the IPO.

CHF	2021-H2	2020-H2	2021-Full year	2020-Full year
Total Income	3,712,731	2,088,004	9,052,922	2,736,000
EBITDA	177,843	624,437	2,307,520	261,509
Net profit / loss	-1,239,050	-603,938	-574,330	-1,443,118
Net Earnings per share	-0.10	-0.05	-0.05	-0.12
Total assets	7,928,530	4,404,152	7,928,530	4,404,152
Total liabilities	6,959,692	2,638,939	6,959,692	2,638,939



## OUTLOOK 2022

In 2022 we are considering to offer VALOR Prime continue scaling the retail exchange business and focus on our core market, Switzerland. In terms of the extension to other markets we are also getting more active in the German market, as it belongs to the same language group as Switzerland and provides a lot of synergies. This language group holds the largest share of financial assets in Europe.

Outside of the German speaking market we see Sweden as the second biggest market opportunity - in Europe due to its technology savvy investor base and low competition in the Swedish crypto market.

On the B2B side, we are currently in discussion with several other potential partners. We address the market by directly approaching banks and fintech companies, but also by establishing relationships with multipliers such as core banking systems providers and marketplaces for financial software.

Today in Europe, there are just a handful of companies which are able to offer full-service digital asset exchange

and custodial services, while not only providing a technical service but being a retail customer - themselves, providing regulatory coverage, access to liquidity and end-customer support for banks. We expect that demand for such solutions will soon outpace the supply available on the market.

Our current plan is to offer VALOR Prime to asset issuers and retailers as a white-label solution. Potential partners will be able to create their own NFT marketplaces and tokenize their assets. However, the speed in the adoption of NFTs and the demand for such solutions over time is difficult to estimate. Therefore, for now we are working under conservative growth assumptions and resource caps.

On the strategic side, it became clear once more that the NFT sector and the general trend towards tokenisation of assets have immense potential. They will play a key role in the evolution of the internet as we know it today into the metaverse. Therefore, we have continued to build the infrastructure for this sector.



# MARKET DEVELOPMENT

Cryptocurrency is a collective term aggregating many different types of digital assets. There are several primary categories of digital assets. The first, to which Bitcoin is central, has a limited supply and is therefore often called “digital gold” and acts as a store of value.<sup>1</sup> The second category of digital assets are stable coins and cryptocurrencies that act as a medium of exchange and are used for fast and cost-effective global payments (such as Bitcoin Cash, Dash, Litecoin).<sup>2</sup> The third category is decentralized database networks (blockchains) for smart contracts such as Ethereum, Cardano, Tezos and Polkadot. These are also called Layer 1 protocols. On top of these protocols yet other companies and projects build their own applications and services such as peer to peer lending and trading applications, which belong to Decentralized Finance (DeFi).

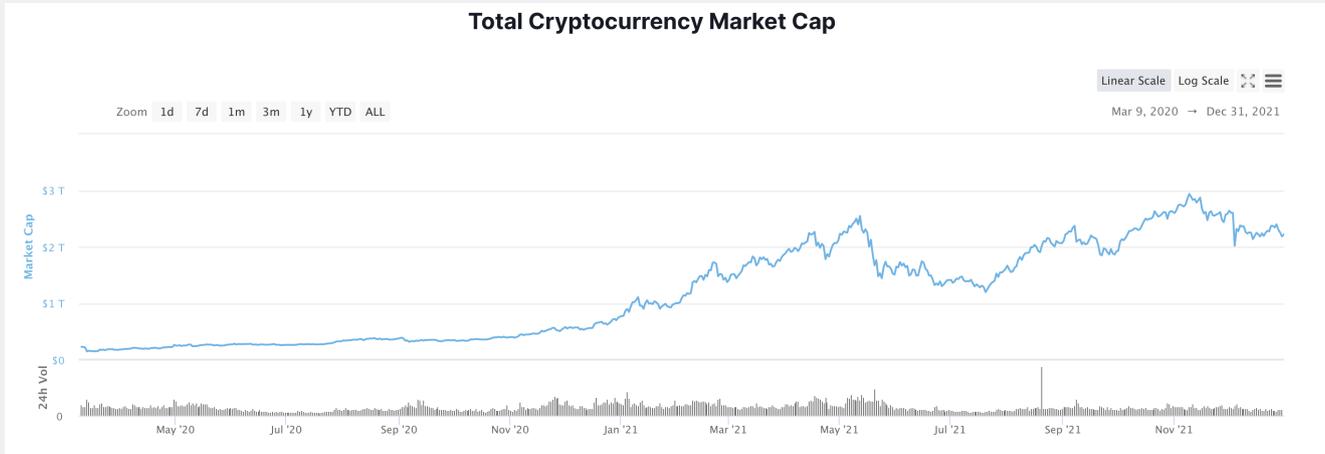
Although growing to 8,000 digital assets, this market is largely driven by Bitcoin, the first cryptocurrency which emerged in 2009. Due to its deflationary nature and limited supply, the purpose of Bitcoin evolved from being a means of payment to also becoming a store of value. As of December 31, 2021, Bitcoin, the largest cryptocurrency in terms of market value, had a value of \$ 876 billion USD<sup>3</sup>, compared to gold, which, as of the same date, had a market value of

\$ 11,300 billion USD.<sup>4</sup> In recent years, Bitcoin has surpassed most other assets in terms of annual returns, which has attracted investors to focus on this alternative asset class.<sup>5</sup>

Historically, the price of Bitcoin developed alongside the cycles of its issuance. The Bitcoin protocol is such that the issuance rate of new Bitcoins halves every four years. These so-called “halving events” mark the four-year cycles and Bitcoin is currently in its fourth halving cycle.<sup>6</sup> In the three previous price cycles, the Bitcoin price has declined after each peak and later settled higher than the previous peak.

## MARKET CAPITALIZATION AND TRADING VOLUMES OF DIGITAL ASSETS

As of December 31, 2021, cryptocurrencies held a total market value of around USD 2.7 trillion.<sup>7</sup> This corresponds to a 155-fold increase from USD 18 billion in early 2017.<sup>8</sup> However, there is a new and growing category of asset-backed tokens backed by physical assets such as for example gold.<sup>9</sup> The advantage of such tokenized assets is that they are fast and efficient. All types of values, digital or tokenized, can be transferred globally and securely via P2P (over blockchain) in just a few seconds for a fraction of the cost compared to the banking system.



1. <https://www.investopedia.com/tech/what-happens-bitcoin-after-21-million-mined/>  
 2. [https://cojournal.net/bitcoin-cash/#:~:text=Bitcoin%20Cash%20\(BCH\)%20is%20another,long%20delays%20and%20high%20fees.](https://cojournal.net/bitcoin-cash/#:~:text=Bitcoin%20Cash%20(BCH)%20is%20another,long%20delays%20and%20high%20fees.)  
 3. <https://coinmarketcap.com/>  
 4. <https://companiesmarketcap.com/gold/marketcap/>  
 5. <https://mohittater.com/bitcoin-vs-traditional-assets/>  
 6. <https://www.investopedia.com/bitcoin-halving-4843769>  
 7. <https://www.spglobal.com/spdji/en/landing/investment-themes/sp-cryptocurrency-indices/>  
 8. <https://coinmarketcap.com/charts/>  
 9. <https://micobo.medium.com/what-is-an-asset-backed-token-security-tokens-for-beginners-b77adf3a9710>



### Bitcoin to USD Chart



Source: <https://coinmarketcap.com/charts/>

In 2021 the total market cap of digital assets increased threefold from USD 0.7 trillion to USD 2.2 trillion. Crypto exchanges around the world have experienced strong growth in trading volumes. The global trading volume in December 2021 amounted to approximately USD 1.4 trillion, up 75% from USD 0.8 trillion in December 2020<sup>10</sup>.

2021 was another great year for Bitcoin. Starting at around \$29,000 and ending at around \$47,000, Bitcoin saw a 64%

increase in 2021.<sup>11</sup> Data indicates that bitcoin's average daily trading volume between January 1, 2021, and December 31, 2021, stood at USD 47.28 billion<sup>12</sup> based on the asset's daily trading volume which accounts for 26.42% of gold's \$178.97 billion average daily trading volume for 2021.<sup>13</sup> Although the measurement of this volume is controversial due to a large volume in dark pools which are not visible to the public, market growth is undisputed.<sup>14</sup>

### Ethereum to USD Chart



10. <https://data.cryptocompare.com/reports/exchange-review-december-2021>, as counted on 15 largest top-tier exchanges  
 11. <https://www.fidelitydigitalassets.com/articles/2021-trends-impact>  
 12. [Coinmarketcap.com](https://coinmarketcap.com)  
 13. <https://finbold.com/bitcoin-accounts-for-40-of-golds-average-daily-trading-volume-in-2021/>  
 14. <https://www.investopedia.com/terms/d/decentralized-dark-pool-trading-platforms.asp>



Ethereum, the second most popular digital asset after Bitcoin, has also had a very good year. At the beginning of 2021, the price was at \$720, rising to \$4,400 in May, and reached an all-time high of \$4,878 in November. In addition to that there were three hard forks between April and October that brought some improvements, including lower gas fees and an adjustment to the fee policy. The expected update to Ethereum 2.0 with the shift to proof of stake (PoS), however, has been postponed until 2022. The growing DeFi (Decentralized Finance) space was positive for Ethereum, as its blockchain continued to be the one underlying most DeFi projects. In addition, the NFT (non-fungible tokens) market development helped Ethereum make big gains in 2021.

### RELEVANT INDUSTRY TRENDS IN 2021

From the perspective of a digital asset exchange and investment platform, the year 2021 had three relevant industry developments:

- Regulatory events
- Financial institutions adopting crypto
- DeFi, Metaverse and NFTs

### REGULATORY EVENTS

The TVTG law, which came into force in Liechtenstein in 2020, opened up new opportunities for the blockchain industry not only in Liechtenstein but globally. The Tokens and TT Service Providers Law (TVTG) regulates the legal framework for crypto service providers and gives the FMA supervision over companies operating in the crypto industry. Today, the TVTG regulatory framework is one of the most advanced regulatory frameworks in Europe. SMART VALOR AG has registered itself to become a TT token custodian as well as a TT exchange service provider. As SMART VALOR's application was accepted by the FMA in Liechtenstein at the turn of 2020/2021, another milestone was reached. Equipped with the FMA registration, SMART VALOR takes a new major step on its strategic roadmap and embraces institutional business. Under the supervision of FMA, SMART VALOR offers even more transparency and security for customers.<sup>15</sup>

Due to the strong growth of the entire crypto industry the European Union has also been working on a legal framework to regulate cryptocurrencies. To do this, the EU has launched the MiCA (Markets in Crypto-Assets) project. The first legislative proposal for the MiCA regulation was presented at the end of 2020. The regulation is intended to define a legal framework for the crypto-asset market, in detail for the issuance and provision of services related to crypto-assets, to promote innovation and, above all, to ensure fair competition. In addition, MiCA is intended to protect clients and investors but also to fight against market manipulation, money laundering and terrorist financing. The draft legislation is currently under discussion in the European Parliament and could be adopted before the end of 2022.

These regulatory developments indicate the importance of the crypto industry and its inevitability.<sup>16</sup>

For SMART VALOR this is a good development as it would level the playing field in Europe, limiting operations of competitors who do not yet operate under any advanced regulatory framework.

### FINANCIAL INSTITUTIONS ADOPTING CRYPTO

Industry trends point to the increasing adoption of blockchain technology and the growing acceptance and use of cryptocurrencies as a store of value and a means of payment. Digital assets experienced growing adoption in 2021, for varying reasons. While in emerging markets cryptocurrencies are used primarily to preserve savings from currency devaluation, make remittances, and conduct business transactions, adoption in North America, Western Europe, and East Asia has been driven primarily by institutional investment.<sup>17</sup>

According to a report by PYMNTS and i2c Inc. from October 2021, 75% of financial institutions plan to expand support for cryptocurrencies over the next 12 months. Venture capital funds have poured about \$30 billion into crypto companies, more than in all previous years combined.<sup>18</sup> The trend in the banking sector is also clear: digital assets are becoming an increasingly important alternative asset class. 2021 has set the benchmark for institutional interest in cryptocurrencies. Major banks such as BNY Mellon, UBS, and Morgan Stanley are getting involved in the crypto-asset market to take advantage of opportunities in this growing industry by offering new services to their clients.<sup>19</sup>

Credit card provider Visa maintained more than 60 partnerships with crypto platforms by the end of 2021 and introduced crypto advisory services to encourage mainstream adoption.<sup>20</sup> PayPal launched a service that enables users to buy, hold and sell cryptocurrencies.<sup>21</sup>

For SMART VALOR, 2021 became the year in which the B2B Crypto-as-a-Service offering was launched for banks and fintech companies. There are estimated 10,000 banks and fintechs in Europe. A big share of them will move to offering digital assets to their customers in the next years. Being one of the first crypto native companies to offer white label solutions to the banks is a strategic move for SMART VALOR.

### METAVVERSE AND NFTS

One of the most important trends in 2021 was the further development of DeFi, NFTs and the metaverse, defined as the next iteration of the internet. For companies, the evolution of the internet holds gigantic potential for development and growth. It also creates new opportunities for investors. Technologies such as spatial computing, virtual reality and blockchain are developing rapidly, so we have no doubt that the physical and digital worlds will

15. <https://smartvalor.com/en/news/smart-valor-approved-by-fma-regulation-blockchain-act>

16. <https://www2.deloitte.com/lu/en/pages/financial-services/articles/digital-finance-european-parliament-adopts-mica-regulation-innovation-friendly-crypto-regulation.html>

17. <https://blog.chainanalysis.com/reports/2021-global-crypto-adoption-index/>

18. <https://economictimes.indiatimes.com/markets/cryptocurrency/crypto-attracts-more-money-in-2021-than-all-previous-years-combined/artheshow/88380529.cms>

19. <https://markets.businessinsider.com/news/currencies/13-top-banks-investing-cryptocurrency-blockchain-technology-funding-blockdata-bitcoin-2021-8>

20. <https://news.bitcoin.com/visa-partners-with-60-crypto-platforms-let-consumers-spend-digital-currency-80-million-merchants/>

21. <https://newsroom.paypal-corp.com/2020-10-21-PayPal-Launches-New-Service-Enabling-Users-to-Buy-Hold-and-Sell-Cryptocurrency>



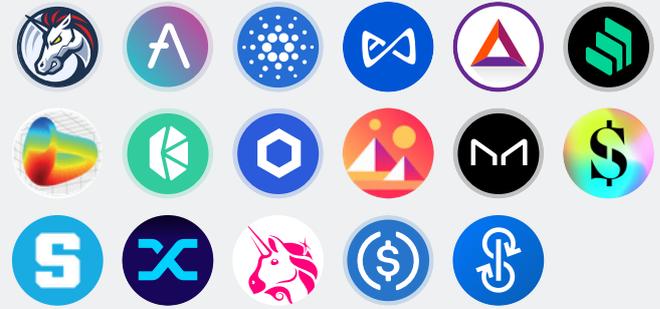
merge soon. When Facebook announced in October 2021 that it would enter the metaverse, even renaming its parent company “Meta,” it became clear that this megatrend would have a profound impact on the online environment sooner than we think. Many other large companies like Microsoft, Amazon, computer chip maker Nvidia and tech giant Tencent have already positioned themselves in the metaverse.<sup>22</sup>

In private and professional contexts, virtual interaction has already become part of everyday life for many people. Corona’s challenges have driven digitalization tremendously since 2020, creating new ways of working, making money, and interacting online – across platforms, across countries, and across social boundaries.

In 2021 the space of Decentralized Finance (DeFi) continued to grow with many new applications being built on different teams. The total value locked in such applications grew by 1,300% from USD 17 billion to USD 238 billion in 2021<sup>23</sup>. The huge popularity of NFTs on social media has additionally led to wide acceptance outside the crypto scene. In 2021, the

sales of NFTs reached around USD 25 billion.<sup>24</sup> To provide our customers with easy and secure access to this still young industry, we have set up a special section on the SMART VALOR platform dedicated to DeFi and metaverse. The selection of metaverse tokens allows even less experienced investors to get exposure to the most promising projects in gaming, virtual land, NFT platforms, and NFT art.

**NEW DIGITAL ASSETS LISTED ON SMART VALOR EXCHANGE**



22. <https://www.bloomberg.com/professional/blog/metaverse-may-be-800-billion-market-next-tech-platform/>  
23. <https://defillama.com/>  
24. <https://www.reuters.com/markets/europe/nft-sales-hit-25-billion-2021-growth-shows-signs-slowing-2022-01-10/>



## FINANCIAL OVERVIEW

Selected audited historical financial information for the group for the financial year 2020 and interim information for the year 2021 are presented below. The financial information relating to the financial year 2020 has been extracted from the Company's audited consolidated financial statements, which have been prepared in accordance with the local accounting standards in each of the countries where SMARTVALOR operates. In Switzerland, this is the Swiss Law on Accounting and Financial Reporting (32nd paragraph of the "Swiss Code of Obligation", in particular Articles 957 to 962). In Liechtenstein, the accounting is prepared according to PGR (Personen- und Gesellschaftsrecht). In Germany, it is prepared according to HGB (Handelsgesetzbuch). The Consolidated Financial statements for the SMARTVALOR group have been prepared using the Swiss Law on Accounting and Financial Reporting (32nd paragraph of the "Swiss Code of Obligation", Articles 963 and 964) and have been audited by the Company's

auditor in accordance with the "Swiss Audit Standard 700". The - interim financial statements for 2021 and the 2021 second half financial statements have not been audited or reviewed by the Company's auditors. The 2020 second half financial statements used for comparison purposes have not been audited but are based on the audited 2020 statements. All financial statements audited or unaudited have been prepared as per the accounting standards outlined.

The amounts given in the financial tables below have been rounded off, while calculations have been made to a larger number of decimal places. Rounding effects may result in apparently incorrect totals in some tables. Except as set forth above, no other information in the Company's Description has been audited by the Company's auditors unless otherwise expressly stated.



## CONSOLIDATED INCOME STATEMENT

CHF	2021-H2	2020-H2	2021-Full year	2020-Full year
Revenue from sale of goods to Swiss residents	403,710	683,243	993,771	692,230
Revenue from sale of goods to non-Swiss residents	203,106	183,587	608,102	225,236
Revenue from foreign exchange on VALOR Token	284,305	283,012	824,813	369,961
Revenue from market making activities	2,281,950	786,112	5,775,161	1,283,877
Revenue from services	47,765	37,804	51,133	39,886
Other Revenue	491,894	114,246	799,942	124,810
<b>Total income</b>	<b>3,712,731</b>	<b>2,088,004</b>	<b>9,052,922</b>	<b>2,736,000</b>
	0	0	0	0
Service and development	-2,758,567	-644,556	-4,787,077	-1,306,668
Sales commission fees	60,266	-28,042	-185,320	-32,113
<b>Gross result I</b>	<b>1,014,429</b>	<b>1,415,406</b>	<b>4,080,525</b>	<b>1,397,219</b>
	0	0	0	0
Personnel costs incl. social securities	-533,777	-392,924	-856,918	-775,782
VALOR Token Incentives	-279,752	-283,012	-820,260	-337,036
<b>Gross result II</b>	<b>200,900</b>	<b>739,470</b>	<b>2,403,348</b>	<b>284,401</b>
	0	0	0	0
Rental expenses	-21,068	-10,829	-44,116	-66,929
Insurance premiums	-8,077	-23,817	-8,432	-27,009
Consulting and accounting expenses	-103,037	-115,595	-199,551	-110,655
Legal advice expenses	-64,892	-17,313	-70,708	-25,630
Administrative, other consulting and IT expenses	-74,634	-63,156	-113,887	-71,918
Promotion, marketing and advertising expenses	-261,123	-142,601	-379,596	-222,446
Travel and customer care expenses	-10,947	-3,070	-11,755	-12,925
Other costs	37,624	-19,734	-116,044	-47,546
activated personal contributions	483,097	281,083	848,262	562,166
<b>Total operating expenses</b>	<b>-23,057</b>	<b>-115,033</b>	<b>-95,828</b>	<b>-22,892</b>
	0	0	0	0
<b>Operating result</b>	<b>177,843</b>	<b>624,437</b>	<b>2,307,520</b>	<b>261,509</b>
	0	0	0	0
Depreciation and valuation adjustments on intangible assets	-395,412	-265,832	-717,974	-471,114
Extraordinary changes	-949,896	0	-947,459	-204,445
Financial expenses	-44,781	-960,498	-1,189,613	-1,021,850
<b>Profit / Loss for the period before taxes</b>	<b>-1,212,245</b>	<b>-601,893</b>	<b>-547,526</b>	<b>-1,435,900</b>
	0	0	0	0
Taxes	-26,804	-2,045	-26,804	-7,218
<b>Profit / Loss for the period</b>	<b>-1,239,050</b>	<b>-603,938</b>	<b>-574,330</b>	<b>-1,443,118</b>



## CONSOLIDATED BALANCE SHEET

CHF	31.12.2021	31.12.2020
<b>ASSETS</b>		
Cash and cash equivalents	1,601,499	725,572
Inventory	2,916,972	1,320,719
Other Current Assets	615,013	249,180
Prepaid expenses and accrued income	6,077	8,034
<b>Total current assets</b>	<b>5,139,561</b>	<b>2,303,505</b>
Intangible Assets	2,757,149	2,020,855
Investments	25,254	25,254
Investments in Subsidiaries	0	0
Other non-current assets	6,566	4,538
Subscribed Capital (not paid in capital)	0	50,000
<b>Total non-current assets</b>	<b>2,788,969</b>	<b>2,100,647</b>
<b>TOTAL ASSETS</b>	<b>7,928,530</b>	<b>4,404,151</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Trade accounts payable	867,341	388,964
Other current liabilities	370,759	500,824
Convertible Loan	3,681,461	0
Loan from Shareholders	1,841,504	1,471,676
Accrued expenses and deferred income	198,627	277,475
<b>Total current liabilities</b>	<b>6,959,692</b>	<b>2,638,939</b>
Other non-current liabilities	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>6,959,692</b>	<b>2,638,939</b>
	0	0
Share capital	121,170	121,170
Capital Reserves	2,976,080	2,976,080
Voluntary retained earnings	0	0
Profit / Loss brought forward	-1,329,156	171,637
Profit / Loss for the periode	-574,330	-1,062,411
Foreign currency translation adjustments brought forward	-2,865	0
Foreign currency translation adjustments for the year	9,457	-2,865
Unrealised FX of VALOR Token	0	0
Capital offset difference	0	-438,399
Intercompany Difference	-231,518	0
<b>Total shareholders' equity</b>	<b>968,837</b>	<b>1,765,213</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>7,928,530</b>	<b>4,404,151</b>

**CONSOLIDATED CASH FLOW STATEMENT**

CHF	2021-H2	2020-H2	2021-Full year	2020-Full year
<b>+/- Profit / loss of the period</b>	<b>-1,239,050</b>	<b>-603,938</b>	<b>-574,330</b>	<b>-1,062,411</b>
+/- Depreciation, amortization, impairment and gains on non-current assets	395,412	265,832	717,974	471,114
+/- Change in inventory	-1,414,406	-246,428	-1,596,253	2,104,978
+/- Change in other current assets	1,886,667	-123,146	-365,833	-167,817
+/- Change in prepaid expenses and accrued income	-3,849	-6,174	1,957	1,829
+/- Change in non-current assets	166,276	-14,589	-2,028	44,649
+/- Change in trade accounts payable	-1,750,338	-86,664	478,377	14,459
+/- Change in other current liabilities	255,599	130,996	-130,065	395,738
+/- Change in accrued expenses and deferred income	-96,371	211,866	-78,848	-34,590
+/- Change in non-current liabilities	0	-1,533	0	-1,360,835
+/- Result from disposal of assets	0	0	0	0
+/- Other non cash-related expenses / revenues	149,218	717,073	147,313	857,792
+/- Change in capital offset difference	-160,394	444,884	0	-371,819
+/- FX differences from transaction corrections	-61,132	-4,093	18,793	-2,037
<b>= Cash flow from operating activities</b>	<b>-1,872,369</b>	<b>684,086</b>	<b>-1,382,943</b>	<b>891,049</b>
- Investments in intangible assets	-935,205	-613,591	-1,446,567	-1,209,388
+ Disposal of intangible assets	0	0	0	0
- Purchase of investments	0	-25,254	0	-25,254
+ Disposal of investments	0	0	0	0
<b>= Cash flow from investing activities</b>	<b>-935,205</b>	<b>-638,845</b>	<b>-1,446,567</b>	<b>-1,234,642</b>
+/- Increase/decrease of other financial liabilities	3,281,461	0	3,281,461	0
+/- Increase/decrease of loan from Shareholders	63,498	-45,001	369,828	-54,956
- Dividends	0	0	0	0
+/- Change in not paid in capital	50,000	0	50,000	0
+/- Capital increase / capital decrease	0	0	0	0
+/- Purchase / sale of own shares	0	0	0	0
<b>= Cash flow from financing activities</b>	<b>3,394,959</b>	<b>-45,001</b>	<b>3,701,289</b>	<b>-54,956</b>
<b>= Change in cash and cash equivalents</b>	<b>587,385</b>	<b>240</b>	<b>871,779</b>	<b>-398,549</b>
<b>Change in cash and cash equivalents</b>				
Beginning of the period (01.07)	1,011,870	725,962	725,572	1,124,143
FX differences in cash and cash equivalents	-2,243	631	-4,148	22
End of the period (31.12.)	1,601,499	725,572	1,601,499	725,572
<b>= Change in cash and cash equivalents</b>	<b>587,385</b>	<b>240</b>	<b>871,779</b>	<b>-398,549</b>

**CHANGES IN CONSOLIDATED EQUITY**

CHF, for the period ending:	2021-12-31	2020-12-31
<b>Balance at beginning of period</b>	<b>1,765,213</b>	<b>3,209,173</b>
Net Profit/Loss SV AG CH at end of period	-840,321	-1,062,411
Net Profit/Loss SVS GmbH at end of period	28,952	-57,972
Net Profit/Loss SV AG FL at end of period	237,038	-322,735
Other equity including intercompany difference	-231,503	2,023
Foreign currency adjustment for the year	9,457	-2,865
<b>Equity at end of period</b>	<b>968,836</b>	<b>1,765,213</b>

**FINANCIALS: OVERVIEW OF JULY TO DECEMBER 2021 AND JANUARY TO DECEMBER 2021**

The figures presented in the financial statements are consolidated figures for the Smart Valor group. Smart Valor AG (Switzerland) is the parent company of the Smart Valor group, fully owning Smart Valor AG (Liechtenstein) and Smart Valor Services GmbH (Germany). Liechtenstein is the seat of the Smart Valor exchange. The German entity is the main IT service provider to the Smart Valor group, and where our CTO and his core team are based.

**INCOME STATEMENT**

Revenue grew by 231% in 2021 to KCHF 9,052 from KCHF 2,736 in 2020 and by 78% in 2021-H2 over the same period in 2020-H2. This strong revenue growth was driven by two key factors. First, the continued user growth and significant increase in transactions volume. Second, and most significantly, the revenues generated by the company's treasury and market making activities increased from KCHF 1,284 in 2020 to KCHF 5,775 in 2021. This is a growth rate of 350%.

Another key company metric, EBITDA margin, grew from 10% in 2020 to 25% in 2021 resulting in an operating profit (EBITDA) of KCHF 2,307 for the full year. This is largely due to the above-mentioned strong increase in revenues. In 2021, financial expenses were KCHF 2,855 driven by KCHF 518 in unrealised losses on digital assets and a one-time charge of KCHF 947 for realized losses on a Bitcoin denominated loan.

**BALANCE SHEET**

The assets of the group increased from KCHF 4,404 in 2020 to KCHF 7,929 in 2021. The largest contributing factor was the issuance of the convertible loan which served to increase the cash position of the company. In addition, the company has also increased its holdings of digital assets (inventory), increasing from KCHF 1,320 at year end 2020 to KCHF 2,917 at year end 2021. The largest positions held by the company in digital assets are in Bitcoin and USDT, the latter being a stable coin.

Smart Valor is building a Platform asset through its software development efforts. The Smart Valor platform is the engine for the exchange where customers meet to exchange digital assets. The expenses incurred are activated on the balance sheet and amortised straight-line over a 5-year period. This is in line with the Swiss local accounting standard. The value on the balance sheet of this intangible asset increased from KCHF 2,021 in 2020 to KCHF 2,757 in 2021. Development costs in the second half of 2021 increased over previous periods as the platform and its features have been scaling to meet an increase in the number of customers as well as the breadth of digital assets available on the platform.

A convertible loan was issued in the amount of KCHF 3,530 in the second half of 2021. As the loan was converted in February of 2022, an interest expense in the amount of KCHF 151 was incurred in the second half of 2021.

**CASH FLOW**

The company uses the indirect method for the preparation of its cash flow statement, the more common method used by Swiss companies in our industry. The net income is the starting point, to which we added back non-cash expenses, such as amortisation and changes in inventory, accounts payable and other current assets.

In 2021 the Company's cash flows from operating activities decreased, predominantly driven by the acquisition of additional digital assets in the amount of KCHF 1,596. The company's cash flows from investing activities increased by KCHF 212 as more investments were made into the Smart Valor platform asset. Cash flows from financing activities increased from KCHF -55 in 2020 to KCHF 3,701 as per the issuance of the convertible loan.

In 2021, the overall position in cash and cash equivalents for the Company increased by KCHF 872 compared to a reduction in 2020 of KCHF -399.

**GROUP KEY FIGURES**

Below are SMART VALOR's definitions of a number of alternative ratios that have not been defined or specified in accordance with BFNAR ("Alternative Ratios"). SMART VALOR believes that these Alternative Key Figures are used by certain investors, securities analysts and other stakeholders as supplemental measures of performance and financial position. Unless otherwise indicated, these Alternative Key Figures have not been audited and should not be considered in isolation or as an alternative to ratios prepared in accordance with the BFNAR. In addition, such Alternative Key Figures, as defined by SMART VALOR, should not be compared to other similarly titled ratios used by other companies. This is because these Alternative Key Figures are not always defined in the same way and other companies may have calculated them in a different way than SMART VALOR.

CHF	1 January - 31 December	
	2021	2020
EBITDA	2,307,520	261,509
Gross profit	4,080,525	1,397,219
Balance sheet total	7,928,530	4,404,152



Key figures	Definition	Purpose
EBITDA	Operating profit (EBIT) before depreciation and amortization.	This measure is used to measure the profit from operating activities before depreciation and amortization.
Gross profit	Net turnover minus cost of goods sold.	The measure is used to gauge the Company's efficiency in using resources to produce goods and services.
Balance sheet total	Summary of the Company's assets at the end of the period.	Shows an overview of the Company's assets and liabilities and what they amount to.

## SHAREHOLDERS AND NET EARNINGS PER SHARE

As of December 31, 2021, total outstanding shares of Smart Valor were 12,117,028. The number of shares outstanding has not changed during the reporting period. The net earnings per share are presented in the following table.

CHF	1. Jul - 31. Dec 2021	1. Jul - 31. Dec 2020	1. Jan - 31. Dec 2021	1. Jan - 31. Dec 2020
	H2	H2	Full Year	Full Year
Net income	-1,239,050	-603,938	-574,330	-1,443,118
# of shares outstanding	12,117,028	12,117,028	12,117,028	12,117,028
Net earnings / share	-0.10	-0.05	-0.05	-0.12

No allocation of profits to Shareholders will be made for the period ending 31.12.2021 as the Company has incurred a loss.

## THE SHARE AND SHAREHOLDERS

As of December 31, 2021 there were 22 shareholders holding 12,117,028 shares in SMART VALOR AG between them. The position was the same as of December 31, 2020. There were no new shareholders or new shares issued in the 2021 financial year.

## TOP 10 SHAREHOLDERS, DECEMBER 31, 2021

Shareholder	Number of shares	% Of issued shares
Olga Feldmeier	4,947,500	40.83
Oliver Feldmeier	4,947,500	40.83
Stephane Pictet	500,000	4.12
PRS Fintech II Beteiligungs GmbH & Co. KG	400,064	3.3
Venture Incubator AG	266,714	2.2
AvantFaire Holding Ltd	186,697	1.54
Yeoman's Capital LP	133,357	1.1
Yeoman's Capital LLC	133,357	1.1
Hookipa AG	105,842	0.87
Markus Rinderer	105,000	0.86

## COMPARISON BETWEEN FINANCIAL YEARS 2021 AND 2020

### Operating income

Operating income increased by KCHF 6,317 or 231%, from KCHF 2,736 in 2020 to KCHF 9,053 in 2021 driven by income from market making activities and strong growth in transaction volumes on the platform.

### Gross profit

The Company's gross profit (gross profit II) increased by KCHF 2,119 or 745% from KCHF 284 in 2020 to KCHF 2,403 in 2021.

### Operating result

The Company's operating profit increased by KCHF 2,046 or 782%, from KCHF 262 in 2020 to KCHF 2,308 in 2021.

### Profit before and after tax

Profit and loss before tax improved by KCHF 888, from a loss of KCHF 1,436 in 2020 to a loss of KCHF 548 in 2021. Profit and loss after tax improved by KCHF 869, from a loss of KCHF 1,443 in 2020 to a loss of KCHF 574 in 2021.

### Cash flow from operating activities

Cash flow from operating activities amounted to KCHF -1,383 for 2021, a decrease of KCHF 2,274 compared to 2020, when cash flow from operating activities amounted to KCHF 891. The negative cash flow from operating activities in 2021 is mostly driven by a change in inventory of KCHF -1,596 through the purchase of digital assets.

### Cash flow from investing activities

Cash flow from investing activities amounted to KCHF 1,447 for 2021, a decrease of KCHF 212 compared to 2020, when cash flow from investing activities amounted to KCHF 1,235. The decrease in cash flow from investing activities is attributable to major investments in the Company's platform increasing intangible assets.

### Cash flow from financing activities

Cash flow from financing activities amounted to KCHF 3,701 for 2021, an increase of KCHF 3,646 compared to 2020, when cash flow from financing activities amounted to KCHF 55. The increase in cash flow from financing activities is mainly attributable to a convertible loan issued in 2021.

### Liquidity and financial position

An overview of the Company's capitalisation and net indebtedness can be seen in detail in the following section. A summary of the Company's equity, current assets and liabilities follows.

The Company's equity decreased from KCHF 1,765 on 31 December 2020 to KCHF 969 on 31 December 2021.



## FINANCIAL OVERVIEW

The Company's current liabilities increased from KCHF 2,639 at 31 December 2020 to KCHF 6,960 at 31 December 2021. Most of this increase is driven by a convertible loan issued in the amount of KCHF 3 681 as part of the 2021 capital equity raise. A previously BTC-denominated Loan from Shareholders was closed in 2021, partially converting to the convertible loan and the remainder to the fiat-denominated Shareholder Loan.

The Company's current liquid assets increased from KCHF 2 046 to KCHF 4,518, driven by the convertible equity raise. The increased amount can be seen both in the cash and cash equivalents position (KCHF 1,601) and the company's inventory of digital assets (KCHF 2,917).

### OTHER FINANCIAL INFORMATION

#### CONVERTIBLE LOAN AND RELATED PARTY TRANSACTIONS

During the period September 24, 2021, to November 18, 2021, a convertible loan of CHF 3,530,000 was provided to the Company from existing and external investors, including the board member Jan Risberg (CHF 300,000), the Company's advisors Timo Soininen (CHF 300,000) and Hookipa AG (Daniel Gutenberg) (CHF 200,000) Grenspecialisten AB (Martin Gren) (CHF 300,000) and the Company's Chairman Olga Feldmeier (CHF 300,000) and the Company's CEO Oliver Feldmeier (CHF 300,000). The loan has an annual interest of 18 percent. Repayment of the loan is made by settling the loan amount of CHF 3,530,000 plus accrued interest amounting to CHF 210,650 against the Depositary Receipts in the Offsetting Issue.

#### SIGNIFICANT CHANGES IN THE FINANCIAL POSITION AFTER DECEMBER 31, 2021

The company raised SEK 132,3 million (CHF 12.9M) in three tranches (two private offerings and one smaller public offering) as part of its Initial Public Offering (IPO). Through the public offering and the directed cash issue, the Company raised approximately SEK 95.3 million in cash proceeds before issue cost and after set-off of convertible loan. An additional SEK 36.9 million (CHF 3.5M) of convertible loans were set-off in the directed issue, as further described below in the "Convertible Loans and Related Party Transactions" section.

On 18 December 2021, the Board of Directors approved the issue and allotment of 773,774 vested Depositary Receipts to option holders and the equivalent number of corresponding underlying shares to Mangold.

### FINANCIAL CALENDAR

Date	Event
31-Mar-22	Year End Statements 2021
31-May-22	Q1 Statements 2022
14-Jun-22	Annual Report 2021
29-Jun-22	Annual General Meeting
31-Aug-22	Q2 Statements 2022
30-Nov-22	Q3 Statements 2022

All reports will be made available on the SMART VAOR website at [www.smartvalor.com](http://www.smartvalor.com), in the "Investor Relations" section, in accordance with the financial calendar above.

### SIGNIFICANT RISKS AND UNCERTAINTY

The growth of the blockchain industry in general is subject to a high degree of uncertainty, which also applies to such blockchain platforms as the Company's platform relies on and interacts with. The factors affecting the development of the cryptocurrency industry include, but are not limited to: Worldwide growth in the adoption and use of ETH and other blockchain technologies; Regulation of ETH and other blockchain assets and their use, as well as restrictions or regulation on access to and operation of blockchain platforms; Maintenance and development of relevant open source software; Changes in consumer demographics and public tastes and preferences; The availability and popularity of other forms or methods of buying and selling goods and services or trading assets, including new ways of using fiat currencies or current platforms; and General economic conditions and crypto-related regulation. The uncertainty associated with the growth of the cryptocurrency industry may cause the Company to grow more slowly than expected and may also result in increased expenses and lower margins. Please refer to the Company's Company Description published on 20 January, 2022 to obtain further details about the Company and associated Risk Factors. The Company Description can be found on the Company's website under "Investor Relations".



# GLOSSARY

<b>Fiat currency</b>	Fiat currency is a government-issued currency that is not backed by a commodity such as gold. Most modern paper currencies, such as the Swedish krona or the US dollar, are fiat currencies.
<b>Stable coins</b>	Stable coins are digital assets built with cryptography, designed to maintain a fixed price. They link their prices to other assets, such as the USD.
<b>Non-stable coins</b>	Non-stable coins refer to cryptocurrencies that are not backed by an asset. The best examples of these are BTC and ETH.
<b>Proof-of-stake/ Staking</b>	Staking involves holding Proof-of-Stake (or “PoS”) for cryptocurrency in a wallet on a Blockchain network for the currency in question. Participants run the protocol on their own servers and secure the validation transaction for the blockchain on the distributed network. As a reward, a payment is received that depends on the amount of cryptocurrency locked into the protocol.
<b>Decentralized Finance (DeFi)</b>	Decentralized finance (often referred to as DeFi) is a blockchain-based form of finance that does not rely on central financial intermediaries such as brokerage firms, exchanges or banks to offer traditional financial instruments but instead uses smart contracts on blockchains, the most common of which is Ethereum.
<b>NFT</b>	An NFT (“non-fungible token”) is a digital asset that represents real objects such as art, music, game objects and videos. They are bought and sold online, often with cryptocurrency, and are generally encoded with the same underlying software as many cryptocurrencies. NFTs have been around since 2014 and have recently started to become popular as they become an increasingly popular way to buy and sell digital artworks.
<b>BTC</b>	Cryptocurrency - Bitcoin
<b>USDT</b>	Cryptocurrency - Tether
<b>EOS</b>	Cryptocurrency - EOS
<b>ETH</b>	Cryptocurrency - Ether
<b>PAXG</b>	Cryptocurrency - PAX Gold
<b>VALOR</b>	Cryptocurrency - VALOR
<b>Dark pool</b>	Dark pools are a type of Alternative Trading System (ATS) that allows some investors to submit large orders and make trades without publicly revealing their intentions while searching for a buyer or seller.
<b>AML</b>	Anti-money laundering (AML) refers to the laws, regulations and procedures designed to prevent criminals from disguising illegally obtained funds as legitimate income.
<b>B2B</b>	Business-to-Business
<b>B2C</b>	Business-to-Consumer
<b>Blockchain</b>	A blockchain is a growing list of records, called blocks, that are linked together using cryptography. Each block contains a cryptographic hash of the previous block, a timestamp and transaction data.
<b>Cryptocurrency</b>	Cryptocurrency is a type of digital currency that usually only exists electronically.
<b>KYC</b>	Customer due diligence (KYC) guidelines in financial services require business owners to make an effort to verify the identity, suitability and risks of maintaining a business relationship.



---

<b>OTC</b>	Over-the-counter (OTC) refers to the process by which securities are traded over a network between broker and trader as opposed to a centralised exchange.
<b>Wallet</b>	Cryptocurrency wallets store secret keys that are used to digitally sign transactions for blockchain-distributed ledgers.
<b>Family-office</b>	A family office is a privately owned firm that handles investment management and wealth management for a wealthy family, typically with over \$100 million in investable assets.
<b>Decentralized stock exchange</b>	Decentralized Exchanges (DEX) are a type of cryptocurrency exchange that allows direct transactions between counterparties to be carried out securely and without the need for intermediaries.
<b>Token</b>	The term token refers to a specific virtual currency token or how cryptocurrencies are denominated. These tokens represent fungible and transferable assets or tools that reside in their own blockchains.
<b>API</b>	In computing, an application programming interface (API) is an interface that defines interactions between several different software applications or intermediaries for both hardware and software.
<b>TVTG</b>	Also known as the new Blockchain Law in Liechtenstein. The comprehensive legal framework for digital assets was the result of three years of work by regulators and the government.
<b>Physical validator</b>	The main problems with NFTs have been ensuring that a token is backed by a real asset – how the process should work and who is responsible for issuing and ensuring the existence of the underlying asset. A physical validator is a licensed party that answers these questions and has been described as “the last missing piece of the puzzle in the great game of real asset tokenization”.
<b>Gas fee</b>	Gas fee refers to the device that measures the amount of computational power required to perform specific operations on the Ethereum network.  Since each Ethereum transaction requires computational resources to execute, each transaction requires a fee. Gas fee refers to the fee required to successfully complete a transaction on Ethereum.
<b>Smart contract</b>	A smart contract is a self-executing contract where the terms of the agreement between buyer and seller are written directly into lines of code. The code and the contracts within it reside on a distributed, decentralized blockchain network.
<b>Fiat on-ramp</b>	A fiat on-ramp is a platform that allows the user to convert fiat currencies, such as US dollars, into a cryptocurrency like Bitcoin. These platforms are commonly called exchanges and they basically accept fiat currencies and sell you the corresponding amount of cryptocurrency based on current market rates.
<b>DApp</b>	A decentralized application running on the Ethereum network.

---



ADDRESS

## ADDRESS

### **COMPANY**

#### **SMART VALOR AG**

Baarerstrasse 10, 6302 Zug, Switzerland  
[www.smartvalor.com](http://www.smartvalor.com)

### **CERTIFIED ADVISER**

#### **Mangold Fondkommission AB**

Engelbrektsplan 2, 114 34 Stockholm  
[www.mangold.se](http://www.mangold.se)

### **CENTRAL SECURITIES DEPOSITORY**

#### **Euroclear Sweden AB**

Klarabergsviadukten 63, 101 23 Stockholm  
Box 91  
[www.euroclear.com](http://www.euroclear.com)



 SMART  
VALOR

