



TABLE OF CONTENTS

FOUNDERS' LETTER	3
HIGHLIGHTS 2021 - SUMMARY	5
HIGHLIGHTS 2021	6
OUTLOOK 2022	13
MARKET DEVELOPMENT	14
FINANCIAL PERFORMANCE	17
AUDITOR'S REPORT	24
OTHER FINANCIAL INFORMATION	25
GLOSSARY	26
ADDRESS AND CONTACT	28



FOUNDERS' LETTER



OLIVER FELDMEIER, CEO AND CO-FOUNDER



THOMAS FELBER, CTO AND CO-FOUNDER



OLGA FELDMEIER, 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, low-cost 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 features as fiat deposits executed in cooperation with local banks. On the

retail side, 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 increased 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 nonfungible 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. Therefore, we have 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 the customers of Dukascopy to buy and sell digital assets on SMART VALOR using their deposits at Dukascopy. Reaching 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 solutions 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 the last year.

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 our company, 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 to 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%	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, we have achieved important milestones in 2021, 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:

- Further build-out of the technical infrastructure
- Listing of additional digital assets
- Establishing the marketing organization

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

BLOG ARTICLES ON THE SMART VALOR BLOG







































NEW DIGITAL ASSETS LISTED ON THE SMART VALOR EXCHANGE



































1inch Network (1INCH)

1inch aggregates multiple decentralized exchanges and offers its users better rates.

Aave (AAVE)

The lending protocol infrastructure of Aave allows users to borrow and lend money for interest rates.

Axie Infinity (AXS)

The blockchain-based game Axie Infinity is one of the most popular earn-to-play platforms. AXS is the game's native cryptocurrency.

Basic Attention Token (BAT)

The project behind BAT is a blockchain-based advertisement platform, which fairly rewards its users.

Cardano (ADA)

This open-source PoS blockchain infrastructure allows developers to build applications.

Chainlink (LINK)

It's specialized on connecting smart contracts and integrating external data via oracles.

Compound (COMP)

COMP offers lending protocols to borrow and lend money – similar to Aave.

Curve (CRV)

Curve is a decentralized exchange and also automated market maker for stablecoins. The Curve DAO Token is used for governance.

Decentraland (MANA)

MANA is the token used to purchase land parcels, virtual goods and services in the virtual world of Decentraland.

Kyber Network (KNC)

The Network behind the ERC-20 token KNC aggregates liquidity and offers it to DApps and DEXs.

Maker (MKR)

MKR is used as the governance token of the decentralized autonomous organization MakerDAO. The organization is responsible to manage the DAI stablecoin.

SuperRare (RARE)

SuperRare offers a NFT marketplace to buy, sell and collect digital art. RARE is it's ERC-20 token.

Synthetix (SNX)

This protocol provides access to liquid crypto and non-crypto-based synthetic assets. The native token is Synthetix Network Token (SNX).

The Sandbox (SAND)

SAND is used to create, build, sell and buy digital assets on the gaming platform The Sandbox.

Uniswap (UNI)

UNI is the governance token of the decentralized exchange Uniswap, which automates the trading of cryptocurrencies using automated market makers.

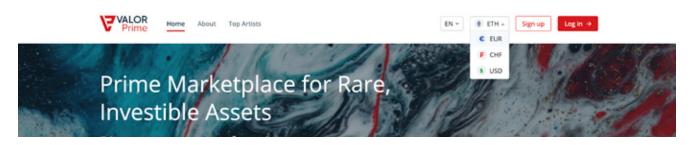
USD Coin (USDC)

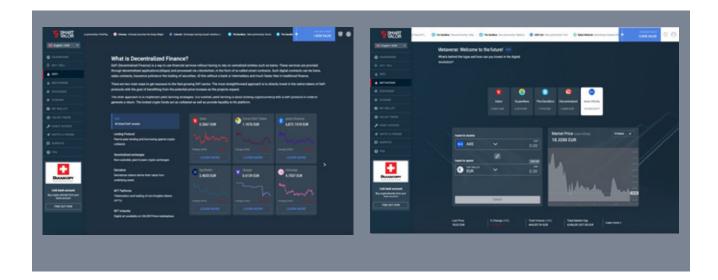
The stablecoin is pegged to the US-Dollar whereas each unit is backed by 1\$ held in a reserve.

Yearn Finance (YFI)

YFI aggregates multiple yield farming services to offer a simple interface and maximize profits.







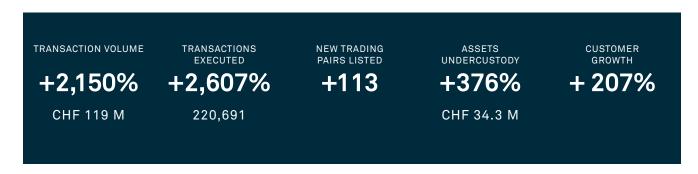
Now, investors coming to SMART VALOR can build a comprehensive digital asset portfolio consisting of important verticals such as cryptocurrencies, protocols, DeFi and metaverse as well as other assets. They can do it easily and cost-effectively as SMART VALOR offers highly competitive pricing (only 0,29%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

To improve the user experience and allow easy navigation across the complex range of assets, we introduced a "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.







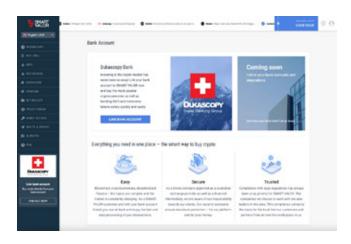
ESTABLISHMENT OF A B2B SERVICE OFFERING

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, they 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 Nasdaqlisted 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.

In spring 2021 we underwent two AML (anti-money laundering) 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 CHF 9,052,922.

This was achieved with positive operating results (EBITDA) of CHF 2,418,583, up 825% (year-on-year). Net results improved from a loss of CHF 1,443,118 in 2020 to a loss of CHF 720,956 in 2021. Earnings per share improved from CHF -0.12 in 2020 to CHF -0.06 in 2021.

The total assets have increased in 2021 by CHF 3,963,412 to CHF 8,367,563. Total liabilities have increased in 2021 to CHF 7,326. The largest contributing factor was the issuance of a convertible loan for CHF 3,530,000. The loan was converted to equity in February 2022 in connection with the IPO.

CHF	2021	2020
Total Income	9,052,922	2,736,000
EBITDA	2,418,583	261,509
Net profit / loss	-720,956	-1,443,118
Net Earnings per share	-0.06	-0.12
Tatalasasta	0.007.500	/ /0/151
Total assets	8,367,563	4,404,151
Total liabilities	7,325,874	2,638,939



OUTLOOK 2022

In 2022 we are considering offering VALOR Prime to 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. 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).2 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 31 December 2021, Bitcoin, the largest cryptocurrency in terms of market value, had a value of USD 876 billion³, compared to gold, which, as of the same date, had a market value of USD 11,300 billion.4 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.5

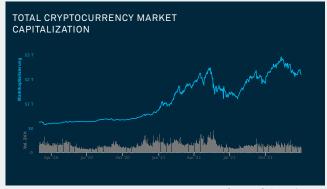
Historically, the price of Bitcoin developed alongside the cycles of its issuance. The Bitcoin protocol is such that the issuance rate of new Bitcoins halves every four years. These so-called "halving events" mark the four-year cycles and Bitcoin is currently in its fourth halving cycle. In the three 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 31 December 2021, cryptocurrencies held a total market value of around USD 2.7 trillion. This corresponds to a 155-fold increase from USD 18 billion in early 2017.8 However, there is a new and growing category of assetbacked tokens backed by physical assets such as gold.9 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)

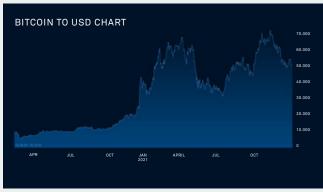
in just a few seconds for a fraction of the cost compared to the banking system.

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 2020¹⁰.



Source: Coinmarketcap

2021 was another great year for Bitcoin. Starting at around USD 29,000 and ending at around USD 47,000, Bitcoin saw a 64% increase in 2021.11 Data indicates that Bitcoin's average daily trading volume between 1 January 2021 and 31 December 2021 stood at USD 47.28 billion¹² based on the asset's daily trading volume which accounts for 26.42% of gold's USD 178.97 billion average daily trading volume for 2021.13 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.¹⁴



Source: Ariva.de

^{1.} https://www.investopedia.com/tech/what-happens-bitcoin-after-21-million-mined/2. https://coinjournal.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/

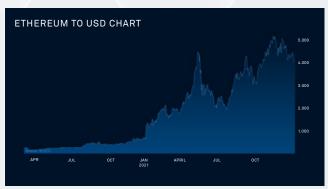
^{9.} https://micobo.medium.com/what-is-an-asset-backed-token-security-tokens-for-beginners-b77adf3a9710 10. https://data.cryptocompare.com/reports/exchange-review-december-2021, as counted on 15 largest top-tier exchanges

^{11.} https://www.fidelitydigitalassets.com/articles/2021-trends-impact 12. 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

MARKET DEVELOPMENT

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 USD 720, rising to USD 4,400 in May, and reached an all-time high of USD 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 (nonfungible tokens) market development helped Ethereum make big gains in 2021.



Source: Ariva.de

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.15

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 cryptoassets, 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.¹⁶

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.17

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.18 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.19

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.20 PayPal launched a service that enables users to buy, hold and sell cryptocurrencies.²¹

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

^{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.chainalysis.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/articleshow/88380529.cms
19. https://economictimes.indiatimes.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



MARKET DEVELOPMENT

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.

METAVERSE 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 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.22

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 2021²³. 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.²⁴ 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.

^{24.} https://www.reuters.com/markets/europe/nft-sales-hit-25-billion-2021-growth-shows-signs-slowing-2022-01-10/



 $^{22. \,} https://www.bloomberg.com/professional/blog/metaverse-may-be-800-billion-market-next-tech-platform/blog/metaverse-may-billion-market-next-tech-platform/blog/metaverse-may-billion-market-next-tech-platform/blog/metaverse-may-billion-market-next-tech-platform/blog/metaverse-may-billion-market-next-tech-platform/blog/metaverse-may-billion-market-next-tech-pla$

^{23.} https://defillama.com



FINANCIAL PERFORMANCE

ACCOUNTING OVERVIEW

The figures presented in the ensuing financial statements are audited consolidated figures for the SMART VALOR group for the year 2021, with a comparison to the prior year 2020 being provided. SMART VALOR's fiscal year runs from 1 January to 31 December. SMART VALOR (Switzerland) is the parent company of the SMART VALOR group, fully owning SMART VALOR (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 core tech team are based.

The financial statements for the SMART VALOR group have been prepared according to the locally accepted accounting standards in each of the countries where SMART VALOR operates. In Switzerland, this is the Swiss Law on Accounting and Financial Reporting (32nd paragraph of the "Swiss Code of Obligation", Articles 957 to 962). In Liechtenstein, the accounting is prepared according to PGR (Personenund Gesellschaftsrecht). In Germany, it is prepared according to HGB (Handelsgesetzbuch). The Consolidated Financial statements for the SMART VALOR 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 amounts given in the financial tables below have been rounded off to the nearest whole number, 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 Annual Report has been audited by the Company's auditors unless otherwise expressly stated. Some figures related to fiscal year 2021 may have changed

from the preliminary figures provided in the year-end report published on 31 March 2022.

KEY DEFINITIONS

Below are SMART VALOR's definitions of several 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.

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

GROUP KEY FIGURES

Key figures for the reporting period in 2021 were:

CHF 9.1 Million

Revenues reached CHF 9.1 million in 2021, compared to CHF 2.7m in 2020, for a year-over-year increase of 231%.

CHF 2.4 Million

Operating profit before depreciation and amortisation (EBITDA) amounted to CHF 2.4 million in 2021 compared to CHF 0.3m in 2020.

CHF 0.7 Million

Net loss for the period amounted to CHF 0.7m, compared to CHF 1.4m in the prior year.

CHF 8.4 Million

The assets held at the end of 2021 were CHF 8.4 million, an increase of 90% over 2020.

CHF 5.0 Million

SMART VALOR had liquid assets of CHF 5.0 million at the end of 2021, including a cash balance of CHF 1.6 million and crypto assets of CHF 3.4 million.

Financial performance

CONSOLIDATED INCOME STATEMENT

Overview

Revenue grew by 231% in 2021 to CHF 9,052,922 from CHF 2,736,000 in 2020. This strong revenue growth was driven by several key factors. First, continued user growth and a significant increase in transactions volumes, led to higher exchange volumes on the SMART VALOR platform. Revenue from trading fees increased from CHF 73,409 in 2020 to CHF 795,158 in 2021. Second, sales of VALOR tokens grew from CHF 917,467 in 2020 to CHF 1,601,873 in 2021, for an increase of 75%. Finally, and most significantly, revenues generated by the company's treasury and market making activities increased from CHF 1,283,877 in 2020 to CHF 5,775,161 in 2021. This is a growth rate of 350%.

Another key company metric, EBITDA margin, grew from 9.6% in 2020 to 26.7% in 2021 resulting in an operating profit (EBITDA) of CHF 2,418,583 for the full year. This is largely due to the above-mentioned strong increase in revenues. In 2021, financial expenses were CHF 2,239,611 driven by CHF 518,465 in unrealised losses on digital assets and a one-time charge of CHF 947,459 for realized losses on a Bitcoin denominated loan, which was also wound down in

CONSOLIDATED INCOME STATEMENT

CHF

for the year ending:	31.12.2021	31.12.2020
Decrees from the formula to Conice we idente	000 774	000 000
Revenue from sale of goods to Swiss residents	993,771	692,230
Revenue from sale of goods to non-Swiss residents	608,102	225,236
Revenue from foreign exchange on VALOR token	824,813	369,961
Revenue from market making activities	5,775,161	1,283,877
Revenue from services	51,133	39,886
Other revenue	799,9423	124,810
Total income	9,052,922	2,736,000
Service and development	-3,936,554 ³	-1,306,668
Sales commission fees	-185,320	-32,113
Gross result I	4,931,048	1,397,219
Personnel costs incl. social securities	-847,637	-775,782
VALOR token incentives	-820,260	-337,036
Gross result II	3,263,151	284,401
Rental expenses	-43,475	-66,929
Insurance premiums	-8,432	-27,009
Consulting and accounting expenses	-192,072	-110,655
Legal advice expenses	-67,055	-25,630
Administrative, other consulting and IT expenses	-93,273	-71,918
Promotion, marketing and advertising expenses	-369,166	-222,446
Travel and customer care expenses	-25,624	-12,925
Other costs	-45,473	-47,546
activated personal contributions	-	562,166
Total operating expenses	-844,569	-22,892
Operating result	2,418,583	261,509
	· ·	
Depreciation and valuation adjustments on intangible assets	-718,211	-471,114
Financial income		
Extraordinary changes	-164,2596	-204,445
Financial expenses	-2,239,611 ^{3 5}	-1,021,850
Profit / Loss for the year before taxes	-703,498	-1,435,900
Taxes	-17,457	-7,218
Profit / Loss for the year	-720,956	-1,443,118

Note: The notes referenced in the income statement are described in the section: "Notes to the Consolidation 2021 - Disclosure on balance sheet and income statement items" found after the presentation of the Consolidated Balance Sheet.

Financial performance

CONSOLIDATED BALANCE SHEET

Overview

The assets of the group increased from CHF 4,404,151 in 2020 to CHF 8,367,563 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 CHF 1,320,719 at year end 2020 to CHF 3,356,111 at year end 2021.

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 CHF 2,001,029 in 2020 to CHF 2,740,052 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 CHF 3,530,000 in the second half of 2021. As the loan was converted in February of 2022, an interest expense in the amount of CHF 151,461 was incurred in the second half of 2021.

CONSOLIDATED BALANCE SHEET

(:HE	

Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	1,601,499 3,356,111 615,014 112 6,236 5,578,859 2,757,149	725,572 1,320,719 249,180 8,034
Inventory Other current assets Prepaid expenses and accrued income Total current assets Intrangible assets Investments Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	3,356,111 615,014 112 6,236 5,578,859	1,320,719 249,180
Other current assets Prepaid expenses and accrued income Total current assets Intangible assets Investments Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	615,014 112 6,236 5,578,859	249,180
Prepaid expenses and accrued income Total current assets Intangible assets Investments Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	6,236 5,578,859	ŕ
Total current assets Intangible assets Investments Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	5,578,859	8,034
Intrangible assets Investments Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Total reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period		
Investments Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total non-current liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	2,757,149	2,303,505
Investments in subsidiaries Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period		2,020,855
Other non-current assets Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	25,254	25,254
Subscribed capital (not paid in capital) Total non-current assets TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	_4	=
TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	6,301	4,538
TOTAL ASSETS LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	=	50,000
LIABILITIES AND SHAREHOLDERS' EQUITY Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	2,788,703	2,100,647
Trade accounts payable Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	8,367,563	4,404,151
Other current liabilities Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period		
Convertible loan Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	336,098 1 2	388,964
Loan from shareholders Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	845,176	500,824
Accrued expenses and deferred income Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	3,681,461	-
Total current liabilities Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	1,841,504	1,471,676
Other non-current liabilities Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	621,635	277,475
Total non-current liabilities Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	7,325,874	2,638,939
Total liabilities Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	=	=
Share capital Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	_	_
Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	7,325,874	2,638,939
Capital reserves Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	0	0
Voluntary retained earnings Profit / Loss brought forward Profit / Loss for the period	121,1704	121,170
Profit / Loss brought forward Profit / Loss for the period	2,976,080	2,976,080
Profit / Loss brought forward Profit / Loss for the period	_	-
·	-1,330,068	171,637
	-720,956	-1,062,411
Foreign currency translation adjustments brought forward	-2,865	-
Foreign currency translation adjustments for the year	-1,6722	-2,865
Unrealised FX of VALOR token	-	-
Capital offset difference	=	-438,399
Total shareholders' equity	1,041,688	1,765,212
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	.,,	4,404,151

Note: Further details on the figures presented in the above balance sheet follow in the following section: "Notes to the Consolidation 2021 – Disclosure on balance sheet and income statement items" found in the following section.



NOTES TO THE CONSOLIDATION 2021 - DISCLOSURE ON INCOME STATEMENT AND BALANCE SHEET ITEMS

The following section provides the statutory notes to both the income statement and balance sheet, with the notes numbered 1 to 6. Preceding the notes are information provided on foreign currency rates used and key acronyms.

Foreign currency rates used:	CHF/EUR
Closing rate as at 31 December 2021 (according	
to the published foreign exchange rates from the	
ESTV)	1.03615000
Average rate as at 2021 (according to the	
published foreign exchange rates from the ESTV	1.08101082
Historical rate	1.08700000

Key acronyms used:

SV-CH is the abbreviation for SMART VALOR Switzerland, SV-FL for SMART VALOR Liechtenstein and SV-DE refers to SMART VALOR Services GmbH in Germany.

1. Trade accounts payable / Other current assets SV-FL to SV-CH

	2021
	in CHF
Other current assets between SV-FL to SV-CH	0
Trade accounts payable between SV-FL to SV-CH	-426,284
Other current assets between SV-CH to SV-FL	2,526,448
Other current liabilities between SV-CH to SV-FL	-2,100,164
Total	0.00

2. Trade accounts payable / Other current assets SV-DE to SV-CH

		2021
	in EUR	in CHF
Trade accounts between SV-DE to SV-CH	32,281	33,448
Trade accounts between SV-CH to SV-DE		-34,522
Total		-1.074

The difference is based on different exchange rates in the entities.

Description of notes 1. | 2. on the balance sheet:

The intercompany receivables and payables have been eliminated from the consolidation balance sheet, resulting in a remaining "Other assets" balance of CHF 615,014 and a trade accounts balance of CHF 336,098.

				2021
3. Profit/Loss	SV-DE	SV-CH	SV-CH	In CHF
Elimination				
intercompany				
revenue / expenses	-856,970		856,970	0.00
FX Difference				
between				
intercompany				
expenses/activated				
asset		-848,262	856,970	8,708
Total				8.708

SV-DE revenues are originally expensed in SV-CH. As these expenses are development costs of the SMART VALOR platform, they were activated as assets.

Description of note 3. on the income statement:

Intercompany revenues of CHF 856,970 earned by SV-DE from SV-CH are eliminated from Other Revenues, resulting in an ending balance of CHF 799,942. Similarly, the equivalent amount, less foreign exchange differences, are removed from "Service and development" expenses, resulting in an ending balance for this category of expenses in the amount of CHF 3,936,554. Foreign exchange differences of CHF 8,708 are removed from financial expenses, resulting in an ending balance of CHF 2,239,611.

4. Investments consolidation

				2021
(share capital)				in CHF
SMART VALOR FL, Vaduz	100%	in CHF	50,000	50,000
SMART VALOR Services DE,				
München	100%	in EUR	25,000	29,198
Total	,			79,198

The FX rate as per the date of transaction was 1.1679136. Description of note 4. on the balance sheet: Share capital held by SV-CH in its subsidiaries is removed from the balance of the consolidated financial statements, resulting in an ending Share capital balance of CHF 121,170, which is equivalent to the registered Share capital of SV-CH.

5. Financial expense

	2021	2020
	in CHF	in CHF
Financial expenses	-2.239.611	-1.021.850

Description of note 5. on the income statement:

The financial expenses 2021 includes CHF 518,465 of unrealised losses on crypto assets. In 2020 there were CHF 814,983 in unrealised loss on crypto assets.

6. Extraordinary changes

	2021	2020
	in CHF	in CHF
Extraordinary changes	-164,259	-204,445

Description of note 6. on the income statement:

An extraordinary expense of CHF 164,259 was booked in the Liechtenstein entity to bring the intercompany accounts between SV-CH and SV-FL in line. This is in keeping with the accounting principle of prudence ("Vorsichtsprinzip"). This correction is temporary and will be partially off-set in 2022. The difference is connected to holdings of SV-CH funds on bank accounts of SV-FL.

For 2020:

An extraordinary expense of CHF 204,445 was booked in the Liechtenstein entity to bring the intercompany accounts between SV-CH and SV-FL in line. This is in keeping with the accounting principle of prudence ("Vorsichtsprinzip"). This correction is temporary and will be partially off-set in 2021. The difference is connected to holdings of SV-CH funds on bank accounts of SV-FL.

Financial performance

CONSOLIDATED CASH FLOW STATEMENT

Overview

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 amortization and changes in inventory, accounts payable and other current assets.

In 2021 the Company's cash outflows from operating activities were CHF 1,415,262, predominantly driven by the acquisition of additional digital assets in the amount of CHF 2,035,392. The company's cash flows from investing activities increased by CHF 209,778 from an outflow of CHF 1,234,642 in 2020 to an outflow of CHF 1,444,420 as more investments were made into the SMART VALOR platform asset. Cash inflows from financing activities were CHF 3,731,461 in 2021 as per the issuance of the convertible loan, whereas in 2020, there were cash outflows from financing activities in the amount of CHF 54,956.

In 2021, the overall position in cash and cash equivalents for the Company increased by CHF 871,779 compared to a reduction in 2020 of CHF 398,549.

CONSOLIDATED CASH FLOW STATEMENT

CHF

For the year ending:	31.12.2021	31.12.2020
Profit / loss of the period	-720,956	-1,062,411
Depreciation, amortization, impairment and gains on non-current assets	718,211	471,114
Change in inventory	-2,035,392	2,104,978
Change in other current assets	-365,834	-167,817
Change in prepaid expenses and accrued income	1,799	1,829
Change in non-current assets	-1,762	44,649
Change in trade accounts payable	-52,866	14,459
Change in other current liabilities	344,352	395,738
Change in accrued expenses and deferred income	344,160	-34,590
Change in non-current liabilities	-	-1,360,835
Other non cash-related expenses / revenues	363,532112	857,792
Change in capital offset difference	-	-371,819
FX differences from transaction corrections	-10,507	-2,037
Cash flow from operating activities	-1,415,262	891,049
Investments in intangible assets	-1,446,567	-1,209,388
Disposal of intangible assets	2,147	-
Purchase of investments	-	-25,254
Disposal of investments	=	-
Cash flow from operating activities	-1,444,420	-1,234,642
Increase/decrease of other financial liabilities	3,681,461	=
Increase/decrease of loan from shareholders	-	-54,956
Dividends	-	-
Change in not paid in capital	50,000	-
Capital increase / capital decrease	-	-
Purchase / sale of own shares	-	-
Cash flow from financing activities	3,731,461	-54,956
Change in cash and cash equivalents	871,779	-398,549
Change in cash and cash equivalents	871,779	-398,549
Beginning of the period (01.01.)	725,572	1,124,143
FX differences in cash and cash equivalents	-4,148 ¹	1,124,143
End of the period (31.12.)	1,601,499	725,572
Change in cash and cash equivalents	871,779	-398,549
Change in Cash and Cash equivalents	0/1,//9	-390,549



NOTES TO THE CONSOLIDATED STATEMENT OF **CASH FLOWS**

1. Exchange differences in cash and cash equivalents	Exchange rate
rate at 01.01.2021	1.08155
average 2021	1.08101082
rate at 31.12.2021	1.03615

	EUR	CHF	Exchange rate
SV-DE cash at 01.01.2021	36,470.90	39,445.10	1.08155
Change (average rate)	55,564.85	60,066.20	1.08101082
SV-DE cash at 31.12.2021 carried on	92,035.75	99,511.30	
SV-DE cash at 31.12.2021	92,035.75	95,362.84	1.03615
FX differences in cash and cash equivalents		-4,148.46	

Reference to Note 1. in the cash flow statement:

The SMART VALOR Services GmbH entity, SV-DE, uses a different source for its exchange rate in converting from EUR to CHF, resulting in some FX differences. This amount is considered for the cash flow statement under cash flow from operating activities.

		2021		2020	Change
2. Shareholder loan	in BTC	in CHF	in BTC	in CHF	
Loan from shareholders		1,841,504		385,421	1,456,083
Loan from shareholders in BTC	0.00	0	42.64	1,086,255	-1,086,255
Total		1,841,504		1,471,676	369,828

Reference to note 2. in the cash flow statement:

The loan from shareholders in BTC was wound down in 2021, a portion of which was converted to a fiat-based loan, as captured under loan from shareholders.

FINANCIAL PERFORMANCE - EQUITY STATEMENT

Overview

The equity of the company decreased from CHF 1,765,213 at the beginning of the year to CHF 1,041,688 as per the end of the year, driven by an overall net loss for the company in 2021 in the amount of CHF 720,956. This contrasts to a decrease in equity in 2020 in the amount of CHF 1,443,118.

CHANGES IN CONSOLIDATED EQUITY

CHF, for the year ending:	31.12.2021	31.12.2020
Balance at beginning of period	1,765,213	3,209,173
Net Profit/Loss SV AG CH at end of period	-840,501	-1,062,411
Net Profit/Loss SVS GmbH at end of period	46,766	-57,972
Net Profit/Loss SV AG FL at end of period	72,780	-322,735
Other equity including intercompany difference	-897	2,023
Foreign currency adjustment for the year	-1,673	-2,865
Equity at end of period	1,041,688	1,765,213



FINANCIAL PERFORMANCE - OTHER KEY FINANCIALS

Overview - Net earnings per share

As of 31 December 2021, the total outstanding shares of SMART VALOR were 12,117,028. The number of shares outstanding has not changed during the reporting period. That is, there were also 12,117,028 shares outstanding as at 31 December 2020. The net earnings per share pre and post dilution are presented in the following table as one and the same.

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

NET EARNINGS PER SHARE

CHF, for the year ending:	31.12.2021	31.12.2020
Net income	-720,956	-1,443,118
# of shares outstanding	12,117,028	12,117,028
Net earnings / share	-0.06	-0.12

TOP 10 SHAREHOLDERS, 31 DECEMBER 2021

	Number of	% Of issued
Shareholders	shares	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





AUDITOR'S REPORT

Report of the auditor on the consolidated Financial Statements to Board of Directors of Smart Valor AG, Zug

According to orders, we have audited the accompanying consolidated financial statements of Smart Valor AG, which comprise the balance sheet as at 31 December 2021, the income statement, statement of cash flows, statement of changes in equity and notes for the year then ended.

Board of Director's Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Director is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year 2021 ended 31 December 2021 comply with Swiss law.

Basel, June 8, 2022

Copartner Revision AG

Simon Rey Martin Thommen Licensed Audit Exper Licensed Audit Expert

Enclosure:

consolidated Financial statements



OTHER FINANCIAL INFORMATION

CONVERTIBLE LOAN AND RELATED PARTY TRANSACTIONS

During the period 24 September 2021, to 18 November 2021, a convertible loan of CHF 3,530,000 was provided to the Company from existing and external investors, including the board member (at the time) Jan Risberg (CHF 300,000), the Company's advisors Timo Soininen (CHF 300,000) and AG (Daniel Gutenberg) (CHF 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 was 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 31 DECEMBER 2021**

The company raised SEK 132.3 million (CHF 13.3M) 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-2022	Preliminary year-end report 2021
31-May-2022	Q1 report 2022
09-Jun-2022	Annual report 2021
29-Jun-2022	Annual general meeting
31-Aug-2022	Q2 report 2022
30-Nov-2022	Q3 report 2022

All reports will be made available on the SMART VAOR website at 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

Fiat currency	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.
Stable coins	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.
Non-stable coins	Non-stable coins refer to cryptocurrencies that are not backed by an asset. The best examples of these are BTC and ETH.
Proof-of-stake/ Staking	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.
Decentralized Finance (DeFi)	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.
NFT	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.
BTC	Cryptocurrency - Bitcoin
USDT	Cryptocurrency - Tether
EOS	Cryptocurrency - EOS
ETH	Cryptocurrency - Ether
PAXG	Cryptocurrency - PAX Gold
VALOR	Cryptocurrency - VALOR
Dark pool	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.
AML	Anti-money laundering (AML) refers to the laws, regulations and procedures designed to prevent criminals from disguising illegally obtained funds as legitimate income.
B2B	Business-to-Business
B2C	Business-to-Consumer
Blockchain	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.
Cryptocurrency	Cryptocurrency is a type of digital currency that usually only exists electronically.
КҮС	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.



отс	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.
Wallet	Cryptocurrency wallets store secret keys that are used to digitally sign transactions for blockchain-distributed ledgers.
Family-office	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.
Decentralized stock exchange	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.
Token	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.
API	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.
TVTG	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.
Physical validator	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"
Gas fee	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.
Smart contract	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.
Fiat on-ramp	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.
DApp	A decentralized application running on the Ethereum network.



ADDRESS AND CONTACT

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