

Bitstamp

Bitstamp Ltd

**Annual Report and
Financial Statements**

FOR THE YEAR ENDED 31 DECEMBER 2022

TUESDAY



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COMPANIES HOUSE

Bitstamp Ltd, 5 New Street Square, London EC4A 3TW, United Kingdom

Registration number: 08157033

CONTENTS	PAGE
Company information	2 - 3
Strategic report	4 - 8
Directors' report	9 - 11
Statement of Directors' responsibilities	12 - 13
Independent auditor's report	14 - 17
Profit & Loss Account	18
Statement of Comprehensive Income	19
Balance Sheet	20
Statement of change in Stockholders' Equity	21
Statement of Cash Flows	22
Notes to the Financial Statements	23 - 42

Company information

Directors

Oliver Blower (Resigned 24 October 2022)

Hendrik Ghys

Jong Hyun Hong

Nicolas Huss

Nejc Kodrič (Resigned 18 February 2022)

Jean-David Thiebaut

Registered office

5 New Street Square

London

EC4A 3TW

Auditors

Ernst & Young

25 Churchill Place

London

E14 5EY

Company Secretary

Taylor Wessing

5 New Street Square

London

EC4A 3TW

Bankers

Bank	Address
Bank Frick	Landstrasse 14, 9496 Balzers, Liechtenstein
Banque Internationale à Luxembourg S.A.	69, Route d'Esch, L-2953 Luxembourg, Luxembourg
BCB Group	5 Merchant Square, London, W2 1AS, United Kingdom
Deltec	Deltec House, Lyford Cay, Nassau, Bahamas
Gorenjska Banka d.d.	Bleiweisova cesta 1, 4000 Kranj, Slovenia
LHV Bank	Tartu mnt 2, 10145 Tallinn, Estonia
Metropolitan Commercial Bank	99 Park Ave, New York, NY 100163, United States
Revolut	7 Westferry Circus, Canary Wharf, E14 4HD London, United Kingdom
Signature Bank	565 Fifth Avenue, New York, NY 10017, U.S.A.
Silvergate Bank	4250 Executive Square, Suite 100, La Jolla, CA 92037, U.S.A.
Swissquote Luxembourg	2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg
Sygnum bank	Uetlibergstrasse 134a, 8045 Zürich, Switzerland
VP bank	2, rue Edward Steichen, L-2540 Luxembourg, Luxembourg

Strategic report

The directors present their strategic report for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The Company's objective is to provide its users with a digital platform offering cryptocurrency exchange services.

Bitstamp Limited (hereafter 'the Company') is a UK Company which was incorporated on 25 July 2012 under the Companies Act 2006 as a private company for an unlimited period.

The purpose of the Company is to offer an exchange platform providing its users the possibility to exchange up to 170 different trading pairs of assets at the reporting date, the most significant crypto assets traded being:

- Bitcoins ("BTC")
- Ripple ("XRP")
- Ether ("ETH")
- Tether ("USDT")
- Litecoin ("LTC")
- Chainlink ("LINK")

The Company earns revenue by charging transaction, deposits, withdrawal, staking and lending as well as service fees. The company also acts as a Ripple Gateway. Bitstamp Limited provides services to its users via the online platform: www.bitstamp.net. The Company's place of business and its tax residency is in Slovenia.

FAIR REVIEW OF THE BUSINESS

FINANCIAL YEAR

During 2022 the Company's revenue amounted to EUR 29,146,686 compared to EUR 109,054,390 in the previous year. The significant decrease in trading revenue is mainly driven by unfavorable market conditions, and to a lesser extent, the reduction in trading volumes following the transfer of part of its business to three of its subsidiary companies Bitstamp USA Inc, Bitstamp Global Ltd and Bitstamp Europe SA. Other income for the year amounted to EUR 25,519,000 (2021: EUR 8,387,850), the increase primarily being the sale of part of the Client portfolio to three of its subsidiaries as well as the gains on sales of its own portfolio of cryptocurrencies. Cost of sales during the year under report amounted to EUR 6,724,934 (2021: EUR 22,188,815). The administrative expenses amount to EUR 57,239,419 compared to EUR 49,432,718 in 2021. The increase is driven by an increase in intercompany services provided to the company, offset slightly by an increase in the recoverable VAT.

The Company's total assets decreased to EUR 358,901,713 compared to EUR 1,344,442,798 in 2021. This is mainly driven by the lower trading volumes during the year and a consequence of the transfer of business mentioned above as the transfer of customers includes moving their associated trading balances. Restricted cash balance includes funds held on behalf of customers which are segregated from the Company's operating funds as well as funds held by banks on behalf of the Company in form of collateral. The Company holds an off-balance sheet portfolio of cryptocurrencies on behalf of its customers amounting to EUR 433,582,497 (2021: EUR 4,254,865,884).

KEY PERFORMANCE INDICATORS

As of 31 December 2022, the main key performance indicators of the Company are the Company's revenue, its off-balance sheet commitments in cryptocurrencies and its gross profit. The Company

Strategic report (continued)

performs monthly reviews of the Company's performance and its assets and liabilities, including holdings in cryptocurrencies to ensure and maintain an efficient management of the Company's resources.

STRATEGY

The Company's success is dependent on the continued provision of a high-quality cryptocurrency exchange platform, transparent pricing structure and ongoing management of the risks it faces. The Company will continue to consolidate its position and concentrate its efforts on achieving maximum growth in the cryptocurrency industry, through extending its trading pairs, product proposition and growing its customer base. The management aims to improve efficiency in all areas of the Company's operations through effective cost management. Customer service remains a top priority.

The Bitstamp Group strategy is to offer its services to its clients via entities operating in regulated jurisdictions. Bitstamp Ltd is in the process of migrating relevant parts of its client portfolio to its subsidiaries, Bitstamp Europe S.A. (which holds a Payment Institution licence in Luxembourg), Bitstamp USA, Inc. (which holds a BitLicence from the New York Department of Financial Services) and Bitstamp Global Limited). Bitstamp Asia Pte Limited progressed its application with the Singapore Monetary Authority. The company will continue to migrate its remaining client portfolio to its operating subsidiaries, Bitstamp Europe S.A., Bitstamp USA Inc. as well as Bitstamp Asia Pte Ltd and Bitstamp Global Limited in due course.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is primarily exposed to credit risks related to its financial assets. In addition, the Company is also exposed to risks from movements in exchange rates that affect the cash flows arising from financial assets and liabilities. Since the financing of the Company is done exclusively from equity, interest rate risk is limited.

Due to the limited level of risks inherent in the Company's operations, financial risk management aims to manage these risks primarily through regular monitoring of ongoing operational and finance activities, with no active dealing-based risk management. The detailed descriptions of risks, as well as the management thereof are provided below. Price risk, credit risk, liquidity and cash flow risk are detailed in the Directors' report.

MARKET RISK

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- Foreign currency risk;
- Interest rate risk;
- Price risk.

The fundamentals of the Company's financing strategy are established each year by the Board of Directors. The Company's Finance Department is responsible for implementing the finance policy and the Company's Risk Department is responsible for ongoing risk management. The details of foreign exchange, liquidity and counterparty risk management guidelines are determined and monitored by the Company's Treasury and Risk departments continuously

Strategic report (continued)

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks primarily arise on financial instruments denominated in a currency that is not the functional currency of the Company.

The FX exposure of the Company is mostly related to operating activities through revenues, expenses and capital expenditure contracted with vendors in foreign currency. In line with currency risk management objectives, the Company holds sufficient amounts of foreign currencies in its bank accounts, the amounts of which are determined considering the balance of short-term FX denominated trade payables and trade receivables in order to hedge the currency risk arising in connection with those assets and liabilities (the amounts held in foreign currencies by the Company are economic hedges and do not trigger hedge accounting by the Company). The gap between the Company's foreign currency denominated liabilities and assets is not material, therefore changes of the functional currencies' exchange rates would have no significant impact on the profit of the Company.

INTEREST RATE RISK

The Company is exposed to limited interest rate fluctuations. This is due to the fact that the financing is done in the form of equity from the shareholders. The Company has in place a loan facility from its majority shareholder, the interest rate of which is fixed and from which there has been no drawdown at the time of issuance of these financial statements.

OPERATIONAL RISK

Operational risk is the risk of loss or disruption to the company from inadequate or failed processes or systems, or due to external events. The Company operates exclusively on a web-based platform and has well-developed cyber security features enabled to minimise the risk of disruption to operations as well as to protect against loss or damage to clients and their data.

LEGAL RISK

Legal risk is the risk that the business activities of the Company have unintended or unexpected legal consequences and includes risk arising from inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty as to the validity or enforceability of a contract. The Company identifies and manages legal risk through effective use of its legal services department, and external legal advisors.

REGULATORY RISK

The Company operates in a market where regulations are constantly evolving and could adversely impact the Company including its operations, enhanced data privacy and anti-money laundering (AML) requirements.

CLIMATE RISK

Climate risk is the risk that climate change will have an adverse effect on the performance of the Company. The Company has considered the effect of climate change on its business and concludes that currently there is no impact.

Strategic report (continued)

CRYPTOCURRENCIES' PRICE RISK

Cryptocurrencies are valued at their acquisition cost by the Company. Cryptocurrencies acquisition cost is compared to the fair value less cost to sell, based on the weighted average rate of reliable and comparative external sources.

Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company could be affected by the current and future market price of cryptocurrencies as well as to the fact the Company might not be able to liquidate its portfolio of cryptocurrencies at its desired price if required.

Cryptocurrencies have a limited history and their fair value has been historically volatile.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk as at the end of the reporting period is represented by the gross amounts of the financial assets in the statement of financial position.

The vast majority of credit risks may arise in respect of cash and cash equivalents, bank deposits and trade receivables, most of which have short term maturities.

LIQUIDITY & CASH FLOW RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

RUSSIA & UKRAINE CONFLICT

The ongoing conflict between Russia and Ukraine has meant that various sanctions have been imposed, including against individuals. It is Bitstamp's policy to comply with these sanctions and so all clients are screened to ensure that they are not on the sanctions list. The accounts of any clients that are on the sanctions list are frozen until such time as the sanctions are lifted. The conflict may have an impact on the Company's operations, the extent of which will depend on future developments. The conflict is still ongoing and thus there is uncertainty as to the ultimate impact on the Company, however the current exposure is not material.

Strategic report (continued)

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue its operations and meet its financial obligations towards its counterparties and to maintain an optimum capital structure to reduce the cost of capital.

The Company's management proposes to the owners (through the Board) of the Company to adopt changes in the Company's equity capital in order to optimise the capital structure of the Company.

FUTURE DEVELOPMENTS

See Directors' report page 9, for further details on future developments.

Approved by the Board on 24 May 2023 and signed on its behalf by:

DocuSigned by:
Nicolas Huss
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Nicolas Huss
Director

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2022.

DIRECTORS OF THE COMPANY

The directors who held office during the year were as follows:

Oliver Blower (Resigned 24 October 2022)

Hendrik Ghys

Jong Hyun Hong

Nicolas Huss

Nejc Kodrič (Resigned 18 February 2022)

Jean-David Thiebaut

OBJECTIVES AND POLICIES

The Company is a leading digital asset exchange platform, providing users with the possibility to exchange cryptocurrency with Euro (EUR), United States Dollar (USD) and Great British Pound (GBP), and vice versa.

The Company implements policies & procedures in all areas of its operations to ensure compliance with existing statutory and regulatory requirements. The Company has policies to ensure fair treatment of its employees, customers and other stakeholders.

PRICE RISK, CREDIT RISK, LIQUIDITY RISK AND CASH FLOW RISK

See Strategic report on Page 6 for details on risks.

GOING CONCERN

The Directors consider it appropriate to prepare the financial statements on a going concern basis.

In preparing each of the Group and Company financial statements, the Directors are required to:

- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Directors' Report (continued)

In the year ending 31 December 2022 Bitstamp Ltd. has generated losses amounting to EUR 7MM (2021: Profit - EUR37MM) primarily as a result of the low volatility market environment (crypto-winter) driving low levels of trading across the whole market and as a consequence low trading revenues. If the crypto-winter conditions continue through 2023, Bitstamp Ltd could generate further losses. The management of Bitstamp Ltd, and Bitstamp Group have planned for this eventuality, and have taken actions to ensure that Bitstamp Ltd. and Bitstamp Group have sufficient liquidity to meet the Group's working capital, and the regulatory capital requirements of each entity. These actions include securing additional working capital, cost reduction measures and the launching of new initiatives to build additional revenue.

However, as disclosed in note 2.a) of these financial statements, there is material uncertainty regarding the Bitstamp Group's intended, but not finalized, legal entity plans and Bitstamp Ltd's role in this over time. The Bitstamp Group strategy is to eventually serve all of its clients from regulated entities that operate as regional centres. Today, other than Bitstamp Ltd, the legal entities that operate as regional centres are Bitstamp Europe S.A, Bitstamp USA INC, and Bitstamp Global Limited. In the future, as both entities secure relevant regulatory licenses, this will include Bitstamp Asia Pte Ltd, and Bitstamp UK Ltd. As Bitstamp Ltd migrates its customer base to these Group entities, the role of Bitstamp Ltd will change from an operating company to a service and holding company. The Bitstamp Group may determine to create a new holding company, and this may result in Bitstamp Ltd legal entity's role in the Bitstamp Group either changing or not being required. Once a path is finalised by management, in some instances shareholder and regulatory approvals will be required before that path can be executed. As there is the possibility that Bitstamp Ltd could be liquidated if all Bitstamp Ltd activities in the Group are taken on by other Group entities, it is the view of the Directors that this qualifies as a reason for a material uncertainty to the Company's ability to continue as a going concern.

STREAMLINED ENERGY AND CARBON REPORTING

Streamlined Energy and Carbon Reporting (SECR) is a scheme requiring companies to disclose their UK energy consumption and carbon emissions. The company does not have any UK premises or UK based employees and therefore no UK energy consumption, and so has no corresponding carbon emissions to disclose.

FUTURE DEVELOPMENTS

The Company plans to continue to invest in its digital platform in order to maintain a competitive advantage on the market. The Company's management focuses on the growth opportunities the cryptocurrency industry presents, whilst at the same maintaining the standards its customers have come to expect.

During 2022, crypto markets have entered a 'crypto-winter' which, as with previous post-rally periods, is typified by low crypto asset market values compared to the rally period valuations, and low trading volumes in the market compared to the rally period. This has reduced the value of Bitstamp's clients' assets under management (which are recorded off-balance sheet) and reduced the value of Bitstamp's own portfolio of crypto assets. These market conditions are expected to continue throughout 2023. This directly impacts the level of revenue in Bitstamp Ltd as well as the revenue and profitability of other group entities with which Bitstamp Ltd transacts and has investments in.

The length of the 'crypto-winter', whether this extends into 2024, and if so, for how long, is currently unknown. In response to this, the Group has initiated a set of measures and plans to enable it to face an extended period of lower volatility in the crypto spot exchange market and its impacts on the Company's trading volumes, revenues, profitability and operating cashflows with the aim of ensuring

Directors' Report (continued)

and maintaining the Group's financial strength and cashflows as well as maintaining its investment capabilities intact to deliver its strategy.

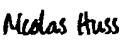
DISCLOSURE OF INFORMATION TO THE AUDITORS

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

AUDITORS

In accordance with s485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Approved by the Board on 24 May 2023 and signed on its behalf by:

DocuSigned by:

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Nicolas Huss - Director

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Strategic Report and the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations.

Directors' Duties and Engagement with Stakeholders

Section 172(1) statement

Section 172(1) of the Companies Act 2006 (Section 172) is one of the statutory duties that directors have and requires them to promote the success of the Company for the benefit of shareholders as a whole while taking into account the interests of other stakeholders and, in so doing, have regard to the matters set out in Section 172(1)(a) to (f). These include the long term consequences of decisions, colleague interests, the need to foster the Company's business relationships with third party service providers, customers and others; the impact on community and the environment; the Company's reputation and maintaining high standards of business conduct.

Statement of Directors' Responsibilities (continued)

Board training and support on s.172(1) duties

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties, including Section 172(1) via their adherence to the Company's Governance Manual, and were briefed on the reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018 in advance of the effective date. Bitstamp has introduced a new approach to board and committee papers with greater focus on ensuring relevant stakeholder interests are clearly articulated and guidance on documenting decisions has been refreshed to ensure these are recorded in a consistent manner across Bitstamp's group. Bitstamp has introduced a board portal allowing all board members of Bitstamp and its subsidiaries to access at any time key documentation and material necessary for their decision-making. The interests of major shareholders of the Company are taken into consideration in the decision-making and even more so as each major shareholder has appointed one member of the board to represent its interests.

Engagement with third party service providers, customers and others

Customers are at the heart of everything Bitstamp does and the Board recognises the key role third party service providers play in ensuring the company delivers a reliable service to customers. The company is also committed to managing the wider social, environmental and economic impacts of its operations which includes the way it deals with its customers. We engage with our customers, third party service providers and other stakeholders in a variety of ways, focusing on building on existing and new relationships for the overall group. They are kept informed on progress against relevant key performance indicators, through management reporting. We receive feedback from our customers and other stakeholders through our web site portal as well as direct feedback with our relationship teams. We respond to feedback from our customers and other stakeholders by adjusting the strategy as needed including moving towards a more diversified product offering to meet their needs. Stakeholder feedback themes and metrics are also reviewed in detail at an Executive Management level and improvements are implemented where possible.

How stakeholder interests have influenced decision making

The Company recognises the importance of engaging with stakeholders to help inform the Company's strategy and board decision making. Relevant stakeholder interests are taken into account by the board when it takes decisions. The Company defines principal decisions as those that are material or of strategic importance to the Company and also those that are significant to any of the Company's key stakeholder groups.

The majority of the decisions taken by the board during the financial year were routine in nature and took account of relevant stakeholder interests, as appropriate.

Independent auditor's report to the members of Bitstamp Ltd

Opinion

We have audited the financial statements of Bitstamp Limited for the year ended 31 December 2022 which comprise Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity, Statement of cash flows, and the related notes¹ to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to going concern

We draw attention to note 2(a) in the financial statements, which indicates that there is material uncertainty relating to the company's ability to continue as a going concern due to potential changes in the Bitstamp Group's strategy and the Company's role overtime. As stated in note 2(a), these events or conditions, along with other matters as set forth in Note 2(a), indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditor's report to the members of Bitstamp Ltd (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Bitstamp Ltd (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 12-13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is the Companies Act 2006.
- We understood how Bitstamp Ltd is complying with those frameworks by making inquiries of Management, and those responsible for legal and compliance matters. We also performed a review of regulatory correspondences as well as a review of Board and Board Risk committee meetings minutes held and followed up with management and their external legal counsel to assess the impact of matters discussed.
- We gained an understanding of the company's approach to governance demonstrated by the Company's risk management policy framework and internal processes. We also reviewed Bitstamp's complaints and Whistleblowing processes

Independent auditor's report to the members of Bitstamp Ltd (continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the controls that Bitstamp has established to address risks of fraud identified by the company, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentive targets and their potential to influence Management to manage earnings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of legal counsel, executive management, the risk function as well as reviewing independent legal opinions. We also performed procedures over the risk of management override of internal control.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Ludlam (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
1 June 2023

Profit & Loss Account

For the year ended 31 December 2022

	Note	2022 EUR	2021 EUR
Revenue	3	29,146,686	109,054,390
Other income	4	25,519,000	8,387,850
Total turnover		54,665,686	117,442,240
Cost of sales	5	(6,724,934)	(22,188,815)
Gross profit		47,940,752	95,253,425
Administrative expenses	6	(57,239,419)	(49,432,718)
Operating (loss)/profit		(9,298,667)	45,820,707
Other interest receivable and similar income	7	3,518,217	8,264,530
Interest payable and similar expenses	8	(1,149,389)	(8,363,905)
		2,368,828	(99,375)
(Loss)/Profit before tax		(6,929,839)	45,721,332
Taxation	11	(98,824)	(8,677,371)
(Loss)/Profit for the financial year		(7,028,663)	37,043,961

The above results were derived from continuing operations

Accompanying notes on pages 23-42 constitute an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 EUR	2021 EUR
(Loss)/Profit for the year		(7,028,663)	37,043,961
Other comprehensive income		(584,815)	-
Total comprehensive income for the year		(7,613,478)	37,043,961

Accompanying notes on pages 23-42 constitute an integral part of these financial statements.

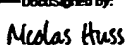
Balance Sheet

As at 31 December 2022

ASSETS	Note	2022 EUR	2021 EUR
Fixed assets			
Intangible assets	12	1,845,314	10,404,002
Tangible assets	13	20,396	211,201
Investments	14	68,258,054	58,922,063
Total Fixed assets		70,123,764	69,537,266
Current assets			
Debtors	15	46,404,512	17,800,362
Cash at bank and in hand	16	11,853,843	40,449,908
Restricted cash	16	229,934,779	1,216,655,262
Total Current assets		288,193,134	1,274,905,532
Creditors: Amounts falling within one year	17	(249,751,267)	(1,228,412,565)
Net Current assets		38,441,867	46,492,967
Total assets less current liabilities		108,565,631	116,030,233
Provisions for Liabilities	18	(2,554,542)	(2,405,666)
Net assets		106,011,089	113,624,567
Capital & reserves			
Called up share capital	19	(1,745)	(1,745)
Share premium reserve		(8,451,063)	(8,451,063)
Profit & Loss Account		(97,558,281)	(105,171,759)
Total Equity		(106,011,089)	(113,624,567)

Accompanying notes on pages 23-42 constitute an integral part of these financial statements.

Approved and authorised by the Board on 24 May 2023 and signed on its behalf by:

DocuSigned by:

 672F89400F66424.....

Nicolas Huss

Director

Date of signing: 24 May 2023

Statement of Change in Equity

For the year ended 31 December 2022

	Share Capital	Share Premium	Profit & Loss Account	Total
	EUR	EUR	EUR	EUR
As at January 1, 2021	1,745	8,451,063	68,127,798	76,580,606
Profit for the year	-	-	37,043,961	37,043,961
Total comprehensive income	-	-	37,043,961	37,043,961
As at December 31, 2021	1,745	8,451,063	105,171,759	113,624,567
Loss for the year	-	-	(7,028,663)	(7,028,663)
Other comprehensive income	-	-	(584,815)	(584,815)
Total comprehensive income	-	-	(7,613,478)	(7,613,478)
As at December 31, 2022	1,745	8,451,063	97,558,281	106,011,089

Accompanying notes on pages 23-42 constitute an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2022

	Note	2022 EUR	2021 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		(7,028,663)	37,043,961
Adjustments to cash flows from non-cash items			
Earnings in cryptocurrency	12	(1,986,450)	(4,285,689)
Depreciation on tangible assets	13	190,805	325,198
Amortisation of intangible assets	12	292,546	349,884
Impairment of intangible assets	12	764,303	(503,449)
Net gain/(loss) on disposal		(7,201,459)	130,224
Unrealised net foreign exchange differences	7,8	(1,002,638)	(7,459,822)
Income tax expense	11	84,026	8,676,106
		(15,887,530)	34,276,413
Working capital adjustments			
(Increase)/decrease in trade debtors	15	(12,996,099)	63,213,024
Increase/(decrease) in trade creditors	17	(973,852,856)	553,322,294
Cash (used by)/generated from operations		(1,002,736,485)	650,811,731
Net Income taxes refunded/(paid)		(8,415,819)	(5,009,689)
Net cash flow from operating activities		(1,011,152,304)	645,802,042
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	14	(9,925,806)	(26,995,945)
Acquisition of tangible assets	13	-	(1,477)
Acquisition of intangible assets	12	(66,233)	(27,048)
Loans to Group companies	15	(6,095,018)	
External loans	15	(4,818,800)	
Proceeds from sale of tangible and intangible assets	12,13	15,738,975	54,986
Net cash flows from investing activities		(5,166,882)	(26,969,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(1,016,319,186)	618,832,558
Net foreign exchange difference		1,002,638	7,459,822
Cash & cash equivalents at 1 January		1,257,105,170	630,812,790
Cash & cash equivalents at 31 December		241,788,622	1,257,105,170

Accompanying notes on pages 23-42 constitute an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

NOTE 1 - GENERAL CORPORATE INFORMATION

The Company is a private company limited by share capital, incorporated and registered in England and Wales.

The address of its registered office is:

5 New Street Square

London

EC4A 3TW

The principal place of business is:

Dalmatinova Ulica 2

1000 Ljubljana

Slovenia

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

These financial statements are authorised for issue on 24 May 2023.

NOTE 2 - ACCOUNTING POLICIES

a) Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared on a going concern basis, however there is material uncertainty regarding the Bitstamp Group's intended, but not finalised legal entity plans and Bitstamp Ltd's role in this over time. The Bitstamp Group strategy is to serve its clients from regulated entities that operate as regional centres. Today, other than Bitstamp Ltd, the legal entities that operate as regional centres are Bitstamp Europe S.A, Bitstamp USA INC, and Bitstamp Global Limited. In the future, as both entities secure relevant regulatory licenses, this will include Bitstamp Asia Pte Ltd, and Bitstamp UK Ltd. As Bitstamp Ltd migrates its customer base to these Group entities, the role of Bitstamp Ltd will change from an operating company to holding company. The Bitstamp Group may determine to create a new holding company, and this may result in Bitstamp Ltd legal entity's role in the Bitstamp Group either changing or not being required. Once a path is finalised by management, in some instances shareholder and

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

regulatory approvals will be required before that path can be executed. As there is the possibility, if all Bitstamp Ltd activities in the Group are taken on by other legal entities, that Bitstamp Ltd could be liquidated, it is the view of the Directors that this qualifies as a reason for material uncertainty.

b) Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

c) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company is Euro (EUR).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction or valuation date where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit & Loss Account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

d) Group accounts not prepared

The company is exempt from the requirement to prepare consolidated financial statements under S401 of the Companies Act 2006 on the grounds that the company and its subsidiaries accounts are included within the consolidated accounts of NXC Corp., located in South Korea at 3198-8-1100-ro Cheju, 63091. As NXC Corp., which is the ultimate parent, prepares consolidated accounts, the Company is exempt from preparing consolidated accounts. These consolidated accounts are available at the ultimate parent of the company's office located in South Korea.

e) Revenue recognition

Revenues generated by the Company mainly consists of transaction, deposits, withdrawal, staking and lending as well as service fees charged to the users of the Company's exchange platform.

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

f) Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

g) Intangible assets

Intangible assets are recognised at their cost of acquisition less accumulated amortisation and any impairment. Intangible assets are composed of software acquired for the Company's internal use as well as cryptocurrencies held by the Company.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

The intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The Company recognises its own cryptocurrencies as intangible assets with indefinite useful life as the Company determined that they do not have an expiry date nor have a foreseeable limit to the period of which they will be exchanged with a willing counterparty for cash or goods and services.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Profit and Loss Account when the asset is derecognised.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

<u>Asset class</u>	<u>Amortisation period</u>
Licensed and acquired technologies	4-7 years
Cryptocurrencies	Indefinite (no amortisation)

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

h) Tangible assets

Tangible assets comprise computers & office equipment and furniture & fixtures.

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

i) Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

<u>Asset class</u>	<u>Depreciation period</u>
Computers & office equipment	4 years
Furniture & fixtures	4 years

j) Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the Profit and Loss Account in expenses categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Profit or Loss Account.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

k) Cryptocurrencies held on behalf of third parties

Cryptocurrencies held by the Company through external custodians on behalf of its customers, are recognised by the Company as off-balance sheet commitments, as the Company has determined it has neither responsibility nor obligations, as well as an absence of control over these cryptocurrencies, preventing the Company from deriving any economic benefits from them.

l) Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

m) Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. The impairment loss is calculated as the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

n) Cash at bank and on hand and Restricted cash

Cash and cash equivalents comprise cash on hand and call deposits. Restricted cash balances include funds held on behalf of customers which are segregated from the Company's operating funds as well as funds held by banks on behalf of the Company in form of collateral. Cash and cash equivalents in foreign currency are revalued at the closing spot rate at the reporting date. Unrealised gains and losses are recognised through the Profit and Loss Account.

o) Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

At initial recognition, trade debtors are recognised at fair value. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

p) Creditors

Trade Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Client liabilities

Client liabilities are related to the restricted cash balance and funds held by the Company on behalf of its customers.

Trade creditors and client liabilities are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

q) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

r) Share premium reserve

Share premium reserve represents the excess of the issue price over the par value on shares issued less transaction costs arising on issue.

s) Provisions and other contingent liabilities

The Company operates in an environment that, by nature, has an element of litigation risk inherent to its operations. As a result, it is sometimes involved in various litigation, arbitration and proceedings both in United Kingdom and in other jurisdictions, arising in the ordinary course of the Company's business. When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be possible, or probable but a reliable estimate cannot be made, a contingent liability is disclosed. However, in rare cases, when the Company is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the entity does not include detailed, case-specific disclosures in its financial statements. The aggregate amounts and particulars are provided, along with the facts and reasons why the required information has not been disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

NOTE 3 - REVENUE

As of 31 December 2022, revenues generated by the Company mainly consist of transaction processing fees as well as the deposit, withdrawal and service fees charged to the users of the Company's exchange platform.

The breakdown by type of revenues is as follows:

	2022	2021
	EUR	EUR
Transaction processing fees	25,729,205	98,967,232
Deposits and withdrawals fee income	1,912,931	6,368,980
Other fees	925,149	1,155,302
Service fee income	579,401	2,562,876
Total	29,146,686	109,054,390

NOTE 4 – OTHER INCOME

During 2022, other income amounted to EUR 25,519,000 (2021: EUR 8,387,850) and mainly includes the sale of part of the Client portfolio to its subsidiaries amounting to EUR 10,490,122 (2021: EUR 884,596), recharges of services to Group companies of EUR 7,682,830 (2021: EUR 7,283,683), gain on sale of own portfolio of cryptocurrencies of EUR 7,216,482 (2021: EUR 107,467) and royalties and similar income of EUR 129,566 (2021: EUR 112,104).

NOTE 5 – COST OF SALES

Cost of sales of the Company are made up of fees for fiat and cryptocurrency transactions charged to the Company by its banking counterparties. Cost of sales also include financial transactions tax charged on the Company's revenue.

The breakdown by type of cost of sales is as follows:

	2022	2021
	EUR	EUR
Cryptocurrency charges	3,618,019	11,369,559
Financial transactions tax	2,308,608	9,481,068
Bank charges	792,279	1,312,286
Other	6,028	25,902
Total	6,724,934	22,188,815

NOTE 6 – ADMINISTRATIVE EXPENSES

Administrative expenses for the financial years 2022 and 2021 can be split as follows.

	2022	2021
	EUR	EUR
Intercompany services	43,754,715	30,559,771
Information technology	12,171,370	11,607,992
Audit & consultancy	3,278,289	3,994,369
Staff & subcontractors	1,693,300	1,535,177
Other administrative expenses	1,456,065	2,157,260
Marketing	965,287	2,780,847
Impairment of Intangible assets	764,303	53,417
Depreciation & amortisation expense	483,352	675,082
Banking interests on current accounts	474,969	828,457
Director's fees	291,861	345,580
Provisions for litigation settlements	71,887	(94,950)
Write off of short-term receivables	58,168	-
Loss on disposal of Intangible assets	10,024	237,691
Travel & representation	4,473	267,181
Premises	-	(17)
VAT refund	(8,238,644)	(5,515,139)
Total	57,239,419	49,432,718

NOTE 7 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	EUR	EUR
Interest income on bank deposits	2,126,262	608,841
Unrealised foreign exchange gains	1,002,638	7,459,822
Realised foreign exchange gains	389,317	195,867
Total	3,518,217	8,264,530

As of 31 December 2022, unrealised foreign exchange gains relate to the year-end revaluation of the Company's cash in bank accounts denominated in foreign currencies.

NOTE 8 - INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	EUR	EUR
Realised foreign exchange loss	671,744	7,335,648
Interest expense on bank balances	472,645	1,028,257
Loss on disposal of financial investment	5,000	-
Total	1,149,389	8,363,905

NOTE 9 - REMUNERATION

The aggregate payroll costs were as follows:

	2022	2021
	EUR	EUR
Wages & salaries	181,232	108,331
Social security	28,824	17,024
Total	210,056	125,335

The number of persons employed at 31 December 2022 was 1 (2021: 2). Note that none of the employees were working wholly or mainly in the UK.

NOTE 10 - AUDITORS' REMUNERATION

	2022	2021
	EUR	EUR
Audit of the financial statements	608,470	682,292
Professional services	-	-
Total	608,470	682,292

NOTE 11 - TAXATION

Tax charged to the Profit & Loss Account is at the Corporate Income Tax rate in Slovenia of 19% and amounts to EUR 98,824 (2021: EUR 8,677,371).

Included in the Balance Sheet are the following categories of tax related assets and liabilities:

	2022 EUR	2021 EUR
Debtors	3,672,227	-
Corporate income tax advance (Note 15)	3,672,227	-
Other tax assets/(liabilities)	-	-
Creditors due in less than one year	-	(4,660,831)
Corporate income tax advance	-	4,544,580
Corporate income tax liability	-	(9,204,146)
Other tax liabilities	-	(1,265)

Tax expense reconciliation

The tax assessed for the year differs from the standard rate of corporation tax in Slovenia of 19%. The differences are explained below:

	2022 EUR	2021 EUR
Profit before tax	(6,929,839)	45,721,332
Profit multiplied by the standard rate of 19%	1,316,669	(8,687,053)
Effects of:		
Tax reduction/(expense) relating to prior year	(84,026)	-
Timing differences on which deferred tax has not been recognised	(1,316,669)	-
Withholding tax on interest income	(14,798)	(1,265)
Other items	-	10,947
Tax expense in the income statement	(98,824)	(8,677,371)

Under the Slovenian tax regime, Bitstamp Limited is required to pay monthly tax advances on account of its potential tax liability. These payments are set off against the true income tax liability calculated at the end of the period. If the advances are higher than the liability, both amounts are reflected under debtors, if the advances are lower than the liability, both amounts are reflected under creditors due in less than one year.

NOTE 12 – INTANGIBLE ASSETS

	Licensed & acquired technologies EUR	Own Crypto currencies EUR	Total EUR
Acquisition cost			
As at 1 January 2022	2,145,875	10,397,019	12,542,894
Additions	-	2,052,683	2,052,683
Transfer to Loan	-	(1,071,227)	(1,071,227)
Disposals	-	(9,592,713)	(9,592,713)
As at 31 December 2022	2,145,875	1,785,762	3,931,637
Accumulated amortisation			
As at 1 January 2022	(844,443)	-	(844,443)
Charge for the year	(292,546)	-	(292,546)
As at 31 December 2022	(1,136,989)	-	(1,136,989)
Impairment			
As at 1 January 2022	-	(1,294,449)	(1,294,449)
Charge for the year	-	(764,303)	(764,303)
Transfer to Loan	-	49,222	49,222
Reversal of impairment	-	1,060,196	1,060,196
As at 31 December 2022	-	(949,334)	(949,334)
Carrying amount			
As at 1 January 2022	1,301,432	9,102,570	10,404,002
As at 31 December 2022	1,008,886	836,428	1,845,314

During 2022, there was a disposal of own portfolio of cryptocurrencies. The assets concerned had previously been impaired and therefore, upon the disposal the associated impairments were reversed.

In addition, during 2022 a loan of cryptocurrency was advanced to a customer and so the associated net book value of the cryptocurrency loan was reclassified as a loan receivable.

As at 31 December 2022 the fair market value of own cryptocurrencies held as intangible assets amounts to EUR 878,891 (2021: EUR 31,588,273).

NOTE 13 – TANGIBLE ASSETS

	Computers & office equipment EUR	Furniture & fixtures EUR	Total EUR
Acquisition cost			
As at 1 January 2022	1,514,803	246,015	1,760,818
Additions	-	-	-
Disposals	-	-	-
As at 31 December 2022	1,514,803	246,015	1,760,818
Depreciation			
As at 1 January 2022	(1,333,601)	(216,016)	(1,549,617)
Charge for the year	(161,662)	(29,143)	(190,805)
As at 31 December 2022	(1,495,263)	(245,159)	(1,740,422)
Carrying amount			
As at 1 January 2022	181,202	29,999	211,201
As at 31 December 2022	19,540	856	20,396

NOTE 14 – INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Subsidiaries EUR	Other investments EUR	Total EUR
Cost or valuation			
As at 1 January 2022	57,975,065	1,773,376	59,748,441
Additions	9,860,254	65,552	9,925,806
Disposals	(5,000)	-	(5,000)
Fair Value Adjustment	-	(584,815)	(584,815)
As at 31 December 2022	67,830,319	1,254,113	69,084,432
Amounts provided:			
As at 1 January 2022 and 31 December 2022	(826,378)	-	(826,378)
Carrying amount			
As at 1 January 2022	57,148,687	1,773,376	58,922,063
As at 31 December 2022	67,003,941	1,254,113	68,258,054

Of the additional investment during the year, EUR 9,855,254 relates to additional increases of capital fully contributed by the Company (EUR 4,690,850 in Bitstamp Global Ltd, EUR 3,500,000 in Bitstamp Europe SA, EUR 1,374,004 in Bitstamp Asia Pte Ltd and EUR 290,400 in Bitstamp Luxembourg SARL). EUR 5,000 was invested in Bitstamp Europe (Benelux) Srl, which was liquidated in the same year.

Other additions of EUR 65,552 consist of further investments during the year in other financial assets.

The fair market values of the external investments were assessed and consequently adjustments totalling EUR 584,815 (2021: Nil) were recognised in other comprehensive income.

In accordance with note 2(m), as quoted prices are not available for these other investments, the fair value has been calculated by reference to the percentage change in Shareholder equity in these investments between the date of acquisition and the balance sheet date.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

UNDERTAKING	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Bitstamp USA, Inc.	27 Union Square West NY, NY 10003, U.S.A.	Ordinary shares	100%	100%
Bitstamp Europe SA	40, Avenue Monterey L-2163 Luxembourg	Ordinary shares	100%	100%
Bitstamp d.o.o.	2 Dalmatinova ulica, 1000 Ljubljana, Slovenia	Ordinary shares	100%	100%
Bitstamp Asia Pte Ltd	50 Raffles Place, Level 30, Singapore Land Tower, Singapore 048623	Ordinary shares	100%	100%
Bitstamp Services d.o.o.	2 Dalmatinova ulica, 1000 Ljubljana, Slovenia	Ordinary shares	100%	100%
Bitstamp Luxembourg SARL	40, Avenue Monterey L-2163 Luxembourg	Ordinary shares	100%	100%
Bitstamp Luxembourg SARL – UK branch	48, Charlotte Street, London, Greater London, W1T 2NS, United Kingdom	Not applicable	Not applicable	Not applicable
Bitstamp Global Ltd	Road Town, Tortola VG1110, BVI	Ordinary shares	100%	100%
Bitstamp Europe (Benelux) Srl*	Avenue Louise 65 Box 11 1050 Bruxelles	Ordinary shares	Not applicable	-
Bitstamp Luxembourg SARL - Netherland branch**	Singel 250, 1016AB Amsterdam	Not applicable	Not applicable	-
Bitstamp UK Limited***	5 New Street Square London United Kingdom EC4A 3TW	Ordinary shares	100%	-
Bitstamp Europe S.A. - Italy branch****	P.le Biancamano , Milan, 20121	Not applicable	Not applicable	-

The principal activity of Bitstamp USA, Inc. is cryptocurrency exchange.

The principal activity of Bitstamp Europe S.A. is cryptocurrency exchange.

The principal activity of Bitstamp d.o.o. is administrative services.

The principal activity of Bitstamp Asia Pte Ltd is business development.

The principal activity of Bitstamp Services d.o.o. is administrative services.

The principal activity of Bitstamp Luxembourg SARL and its branch is the offering of administrative services.

The principal activity of Bitstamp Global Ltd is cryptocurrency exchange.

* Bitstamp Europe (Benelux) Srl was acquired on 26 January 2022 and liquidated on 20 December 2022.

** Bitstamp Luxembourg SARL - Netherland branch was registered on 01 April 2022.

*** Bitstamp UK Limited was incorporated on 15 June 2022. Its principal activity is administrative services.

**** Bitstamp Europe S.A. - Italy branch was registered on 06 July 2022.

NOTE 15 – DEBTORS

	2022	2021
	EUR	EUR
Intercompany debtors – due within one year	14,732,972	1,346,750
Intercompany debtors – due after more than one year	5,970,980	-
Other debtors	22,000,566	16,363,519
Corporate income tax advance (Note 11)	3,672,227	-
Trade debtors	27,767	90,093
Total	46,404,512	17,800,362

Included in the Intercompany debtors are receivables from Bitstamp Europe S.A., Bitstamp USA Inc. and Bitstamp Global Ltd that relate to outstanding trading balances, whereby the customers registered with the Company and Bitstamp Europe S.A., Bitstamp USA Inc. and Bitstamp Global Ltd trade between each other. Due to the nature of these transactions, the balance at any time can be either a debtor or creditor and at 31 December 2021, the balance was a creditor of EUR 29,385,779 (see Note 17) whereas in 2022 the balance was a debtor of EUR 12,708,764.

Also included in intercompany debtors is an amount of EUR 6,095,018 (2021: Nil) relating to promissory notes issued in consideration of the transfer of the client portfolio, of which EUR 5,970,980 falls due after more than one year.

Included in Other debtors is an estimated VAT refund of EUR 7,837,691 (2021: EUR 7,928,511), an advance to a supplier of EUR 4,503,904 (2021: 2,111,005), loans to granted third parties of EUR 5,840,805 (2021: Nil) and the remainder mostly relates to prepaid expenses of EUR 5,250,529 (2021: EUR 6,735,691), of which EUR 946,863 relates to the prepayment of services more than 12 months in advance.

NOTE 16 – CASH AND CASH EQUIVALENTS

	2022	2021
	EUR	EUR
Restricted client cash (Note 17)	228,974,870	1,214,955,369
Cash at bank and in hand	11,853,843	40,449,908
Collateral deposits	959,909	1,699,893
Total	241,788,622	1,257,105,170

Restricted cash balance includes funds held on behalf of clients which are segregated from the Company's operating funds as well as funds held by banks on behalf of the Company in form of collateral.

NOTE 17 – CREDITORS DUE WITHIN ONE YEAR

	2022	2021
	EUR	EUR
Client liabilities	239,989,575	1,184,214,690
Intercompany creditors	5,376,277	34,233,789
Trade creditors	2,994,589	3,016,722
Other creditors	1,390,826	2,286,533
Tax Liability (Note 11)	-	4,660,831
Total	249,751,267	1,228,412,565

Intercompany creditors relate to intercompany recharges from other Group entities for services rendered on behalf of the Company. In addition, this balance also included intercompany payables to Bitstamp Europe S.A., Bitstamp USA Inc and Bitstamp Global Ltd that relate to outstanding trading balances, whereby the customers registered with the Company and Bitstamp Europe S.A., Bitstamp USA Inc. and Bitstamp Global Ltd trade between each other. In 2021, these balances were creditors and amount to EUR 29,385,779 whereas in 2022 the balance was a debtor of EUR 12,708,764. (Note 15).

Other creditors include various cost accrued of EUR 1,157,531 (2021: 1,122,316).

As of 31 December 2022, the reconciliation between restricted cash and client liabilities is as follows:

	2022	2021
	EUR	EUR
Intercompany (creditors)/debtors	12,708,764	(29,385,779)
Restricted client cash (Note 16)	228,974,870	1,214,955,369
Other receivables / (payables)	(196,064)	625,988
Client liabilities	(239,889,337)	(1,184,264,307)
Unrestricted company cash not swept at year-end	1,598,233	1,931,271

Other receivables comprise balances with payment processors as well as interest related withholding tax receivable on client cash account. In the unlikely situation of the non-recoverability of these balances, the Company will compensate the client account from its corporate cash balances.

Unrestricted company cash relates to revenue not swept by the Company as of year-end.

NOTE 18 – PROVISIONS FOR LIABILITIES

Provisions for liabilities include a provision relating to a corporate cash account amounting to EUR 1,642,130 (2021: EUR 1,546,428) and a client cash account amounting to EUR 912,412 (2021: EUR 859,238). Should the client cash account balance become irrecoverable, the Company will compensate the client account from its corporate cash balances. The underlying currency of the provision is USD, and the movement in the provision reflects the change in exchange rates.

NOTE 19 – ALLOTTED, CALLED UP AND FULLY PAID SHARES

The allotted, called up and fully paid shares as at 31 December 2022 amounts to EUR 1,745 and is shown split by class of shares as follows:

	No.	2022 £
Ordinary Class A shares £0.01 each	130,034	1,300.34
Ordinary Class B shares £0.01 each	14,932	149.32
Ordinary Class C shares £0.01 each	1,450	14.5
Total	146,416	1,464.16

The allotted, called up and fully paid shares as at 31 December 2021 amounts to EUR 1,745 and is shown split by class of shares as follows:

	No.	2021 £
Ordinary Class A shares £0.01 each	117,133	1,171.33
Ordinary Class B shares £0.01 each	29,283	292.83
Total	146,416	1,464.16

On 2 September 2022, 14,351 Class B Ordinary shares were redesignated as Class A ordinary shares following the acquisition of the Class B ordinary shares by the majority shareholder, Bitstamp Holdings NV.

On 15 November 2022, 1,450 Class A Ordinary shares were redesignated as Class C ordinary shares and sold by the majority shareholder to the partnership BSLPIP SCSp, which was created to manage the long-term incentive plan set up by the majority shareholder in September 2022. The Class C Ordinary shares sold to BSLPIP SCSp represent 0.99% of the share capital of the company and carry no voting rights. The long-term incentive plan set up by the majority shareholder has been defined as an equity settled plan by the Group. As of 31 December 2022, the plan has no impact on the company financial statements.

NOTE 20 – RELATED PARTIES

Included in the various line items of the financial statements are the following transactions and balances with related parties:

	2022	2021
	EUR	EUR
Other income	18,172,952	8,199,301
Bitstamp Europe S.A.	8,632,987	5,779,004
Bitstamp Global Ltd	7,403,862	-
Bitstamp USA Inc.	2,136,103	2,420,297
Interest revenue	50,598	-
Bitstamp Europe (Benelux) Srl	83	-
Bitstamp Global Ltd	36,919	-
Bitstamp USA Inc.	13,596	-
Administrative expenses	43,754,715	30,559,771
Bitstamp Europe S.A.	12,391,087	6,373,049
Bitstamp d.o.o.	11,999,090	9,774,726
Bitstamp Luxembourg SARL	624,235	-
Bitstamp Services d.o.o.	17,766,949	13,669,607
Bitstamp USA Inc.	973,354	742,389
Interest expenses	26,304	-
Bitstamp Global Ltd	16,070	-
Bitstamp USA Inc.	10,234	-
Other expenses	5,000	-
Bitstamp Europe (Benelux) Srl	5,000	-
Intercompany debtors	20,703,952	1,346,750
Bitstamp Asia Pte Ltd.	2,818	1,406
Bitstamp d.o.o.	77,589	54,896
Bitstamp Europe (Benelux) Srl	(2,354)	-
Bitstamp Europe S.A.	8,352,154	555,949
Bitstamp Global Ltd	10,732,113	-
Bitstamp Luxembourg SARL	150,124	-
Bitstamp Services d.o.o.	130,274	443,162
Bitstamp UK Limited	403	-
Bitstamp USA, Inc.	1,260,831	291,337
Intercompany creditors	5,376,277	34,233,788
Bitstamp d.o.o.	852,063	1,305,129
Bitstamp Europe S.A.	3,035,147	11,769,520
Bitstamp Global Ltd	119,601	-
Bitstamp Luxembourg SARL	(3,177)	-

Bitstamp Services d.o.o.	1,245,169	2,648,989
Bitstamp USA, Inc.	127,474	18,510,150

The balances and transactions relate to services provided to the Company by its subsidiaries, or by the company to its subsidiaries in scope of the Service Agreement in place with other group subsidiaries, whose employees continue to support the activities of the Company.

Included in other income is the sale of part of the client portfolio to Bitstamp USA Inc. amounting to a total of EUR 655,629 (2021: EUR 884,596), to Bitstamp Europe S.A. amounting to EUR 3,863,514 and to Bitstamp Global Ltd amounting to EUR 5,970,980.

The outstanding trading balances of the Group entities, whereby the customers registered with the Company and Bitstamp Europe S.A. and Bitstamp USA Inc trade between each other are included in the intercompany debtors. Included in intercompany debtors is a promissory note of EUR 5,970,980 due from Bitstamp Global Limited which is due after more than one year. The transactions with Bitstamp N.V., the Company's majority shareholder, relate to a management fee.

Board and Supervisory Board Members

The Directors that held office during the year and up to the date of approval of the financial statements consists of four members who serve without direct remuneration and one independent director who serves with remuneration. The Company paid EUR 291,861 in directors' fees during 2022 (2021: EUR 345,580). The Company has not granted any advances or loans to members of the management, neither has the Company entered into any commitments on their behalf by way of guarantees of any kind.

Parent and ultimate parent companies

The majority shareholder of Bitstamp Limited is Bitstamp Holdings NV, a company incorporated in Belgium and the Ultimate parent is NXC Corporation a company incorporated in South Korea.

NOTE 21 – OFF-BALANCE SHEET COMMITMENTS

As part of its business activities, the company holds various classes of cryptocurrencies on behalf of its customers. The company has no responsibilities nor any obligations in relation to the custody of such cryptocurrencies and it derives no economic benefit from the cryptocurrencies it holds on behalf of its customers. The company's business could be negatively impacted by security breaches or fraud leading to the loss of these cryptocurrencies.

At 31 December 2022 the off-balance sheet commitments relating to cryptocurrencies held by the Company on behalf of its customers amounted to EUR 433,582,497 (2021: EUR 4,254,865,884).

On 31 December 2022 the off-balance sheet commitments relating to cryptocurrencies held by Bitstamp Ltd and its subsidiaries on behalf of its customers amount to EUR 1,771,091,623 (2021: EUR 7,182,057,859).

NOTE 22 – CONTINGENT LIABILITIES

During 2018 a financial institution introduced a claim for a total amount of EUR 3,973,159 (of which EUR 2,554,542 has been provided for).

While it is not possible to ascertain the ultimate legal and financial liability with respect to this claim, for the remaining unaccrued portion, the Management of the Company believes the risk of a cash outflow for the Company is less than probable.

NOTE 23 – SUBSEQUENT EVENTS

On 2 March 2023, the Board of Directors approved an increase in the investment in the Company's subsidiary, Bitstamp Asia Pte Ltd of SGD 500,000 by way purchase of 500,000 new shares paid on 2 March 2023.

On 17 April 2023 the Board of Directors approved an increase in the investment in the company's subsidiary Bitstamp Global Limited of USD 2,150,000 by way of equity contribution, which was paid on 20 April 2023.

In March and April 2023 two of the Company's banking partners in the US, Silvergate Bank and Signature Bank, ceased to operate. All client and corporate funds were moved, without loss, to other banking partners. At the date of issuance of these financial statements, there remains open a Bank Guarantee with Silvergate Bank in the sum of USD 1,000,000, which will be released on 29 May 2023.