



# ANNUAL REPORT

2022





# TABLE OF CONTENTS

Letter From The Board Chairman .....	3
Management Report .....	4
Market Development .....	10
Financial Performance .....	14
Financial Statements .....	15
Auditor's Report .....	25
Other Key Financials .....	28
SMART VALOR In The Media .....	29
Glossary .....	30
Sources .....	32
Adress And Contact .....	33



# LETTER FROM THE BOARD CHAIRMAN



**Olga Feldmeier**

Co-founder, board chairman

## Dear Stakeholders, Customers and Supporters

First of all, we would like to thank each of you for your continued support and trust in us, both as a team and in SMART VALOR as a company.

2022 was one of the worst years in the history of the digital asset industry. This was due to two factors. On the one hand, the macroeconomic downturn connected to the war in Ukraine, rising inflation and fiscal tightening disrupted stock markets, resulting in the worst year for equities in 50 years. This coincided with the expected bear cycle connected to the Bitcoin halving schedule. As a result, during 2022 the total crypto market capitalization fell from \$2.7 trillion to \$0.8 trillion, losing 70% of its value. The trading volume in digital assets also collapsed in 2022. According to Coinmarketcap data, daily trading volumes dropped from \$120 trillion at the beginning of 2022 to as low as \$16 trillion towards the end of the year, representing a shrinkage of 87%. On the other hand, this market collapse was accompanied by some of the biggest scandals and instances of fraud ever encountered by the industry, including FTX, Terra, Celsius and many others. In these terrible market conditions, not even the best-run companies were spared.

Despite disastrous industry development, SMART VALOR managed to come through the year in much better shape, outperforming the overall market. Transaction volume on the SMART VALOR investment platform declined by “only” 35% from CHF 186 million in 2021 down to CHF 120 million in 2022. We went on to grow our retail customer base and continued to build out our technical platform with only a modest increase in operating expenses. The number of registered customers grew in 2022 by an impressive 32%. On the product side, we listed an additional 50 trading pairs, launched new staking offerings on Ethereum and Cardano, partnered with a new custody provider and entered the development stage for our new mobile app.

We launched our first B2B offering in partnership with Switzerland-based bank Dukascopy, giving the bank’s customers access to the full product suite of SMART VALOR. We also made progress through our open banking integration with Enable Banking, which allowed us to connect our digital asset exchange to over 1,000 European banks for fiat onramping.

To economize costs, we have stopped further development of our NFT service, Valor Prime. As of 31 December 2022, we also stopped providing wealth management services to individuals through our Swiss entity. We have instead opted to build-out functionality for independent wealth and asset managers to use our custody and trading for their customers. Due to this and other savings we managed to keep a low cost-base. SMART VALOR expenses excluding financial, depreciation and taxes increased in 2022 only by +8.7%.

Another significant achievement in 2022 was our successful, oversubscribed IPO on Nasdaq First North in February 2022. We raised new capital in the amount of CHF 13 million, on a CHF 87 million post-money valuation. This resulted in +278% valuation increase in comparison to the previous equity funding round of 2019.

While carefully managing our expenses we went through several rounds of cost reduction, resulting in a slight increase in operational costs compared to 2021. Our revenues decreased to CHF 4.5 million, down significantly from CHF 9.1 million a year ago. This resulted in a negative operating result (EBITDA) of CHF -2.8 m. However, looking at the past two years, which were also the first two operational years of fully functional fiat-crypto exchange operations, we proudly recorded a compounded average growth rate of transaction volumes +170% p.a. and +30% p.a. revenue growth (CAGR).

Looking forward to 2023 we will continue to focus on two main areas: growing the retail business and building out the B2B business. The timing looks good for both. On one side we expect that this year is set to be a significantly better year in terms of price development and overall market activity than 2022. On the other hand, SMART VALOR is in a good position to become one of the first players in the EU to be licensed according to MiCA, if Liechtenstein maintains its pro-active, first-mover approach and quickly implements the new legislation.

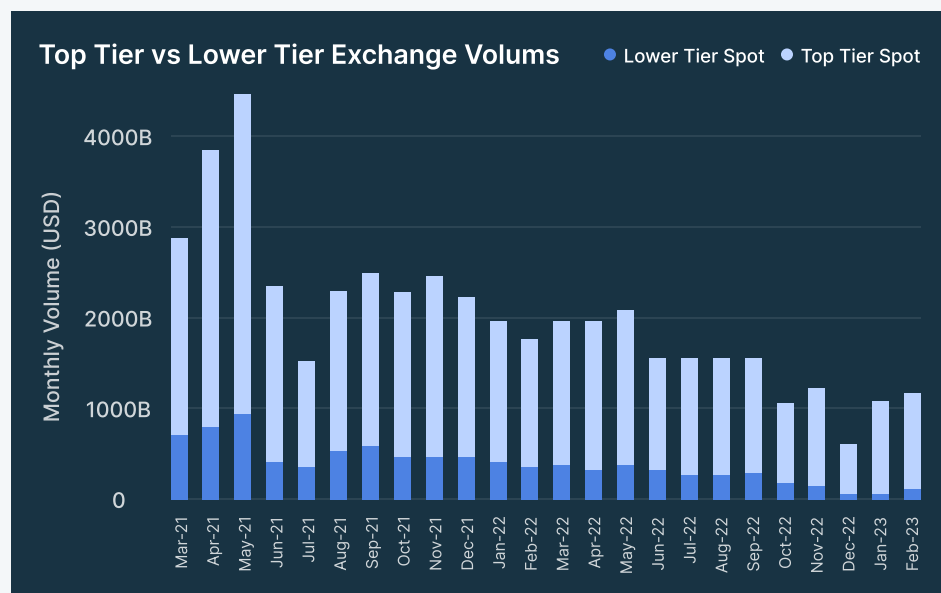
Historically asset tokenization was at the heart of our mission and the reason SMART VALOR was founded. In 2017-18, we were one of the first players evangelizing the idea of faster and better digital securities with T0 settlement and 24/7 trading. But implementing tokenization was difficult back then because no regulatory frameworks for digital securities yet existed. With the DLT Pilot Regime coming into force this year, this major hurdle is moving out of the way and we are looking to embrace new market opportunities.

# MANAGEMENT REPORT

In the following section, a number of key topics are presented by Management. Smart VALOR is comprised of 9 full time-employees (FTEs) as well as about 30 consultants and contractors that support its daily business.

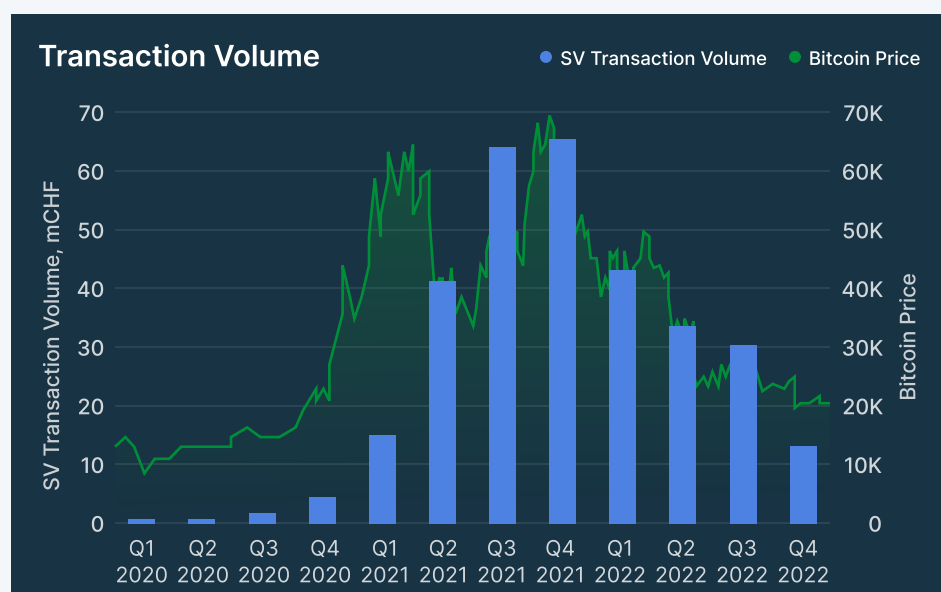
## Exchange transaction volumes

2022 was a disastrous year for the crypto industry in general and a challenging year for Smart Valor as a company. After the Bitcoin price peaked in November 2021, it then faced a 14-month slump, in which it lost two thirds of its value. Investment and trading activity declined in line with the market capitalization. Towards the end of the year, global monthly trading volume on exchanges declined significantly. In December 2022, the global trading volume on major exchanges tracked by CryptoCompare was down 73% to \$0.6 trillion in comparison to December 2021. The EUR-BTC trading volumes fell by 50% from \$333 trillion in 2021 to \$172 trillion in 2022.

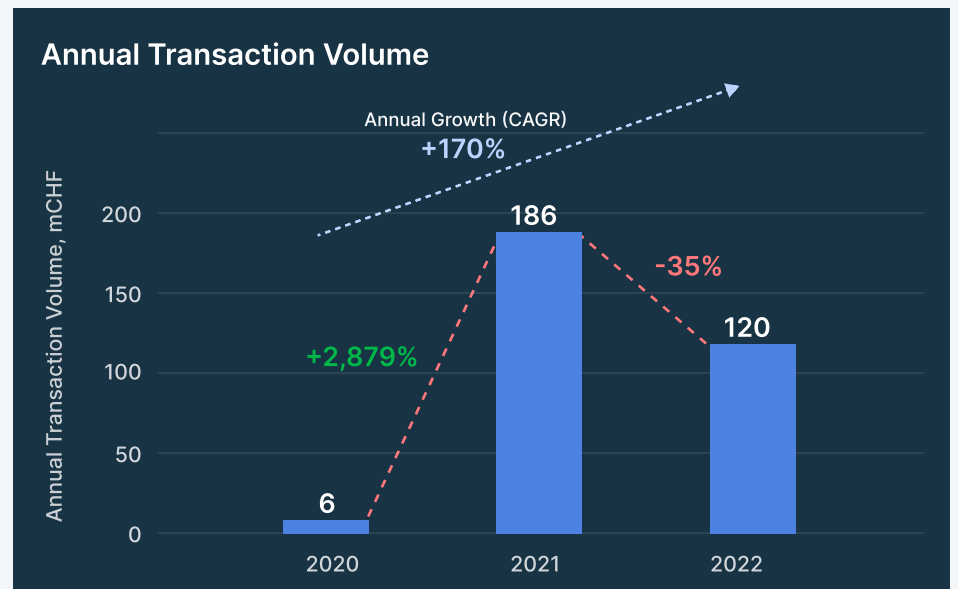


Source: [Exchange Review - February 2023 \(cryptocompare.com\)](https://www.cryptocompare.com/exchange-reviews/)

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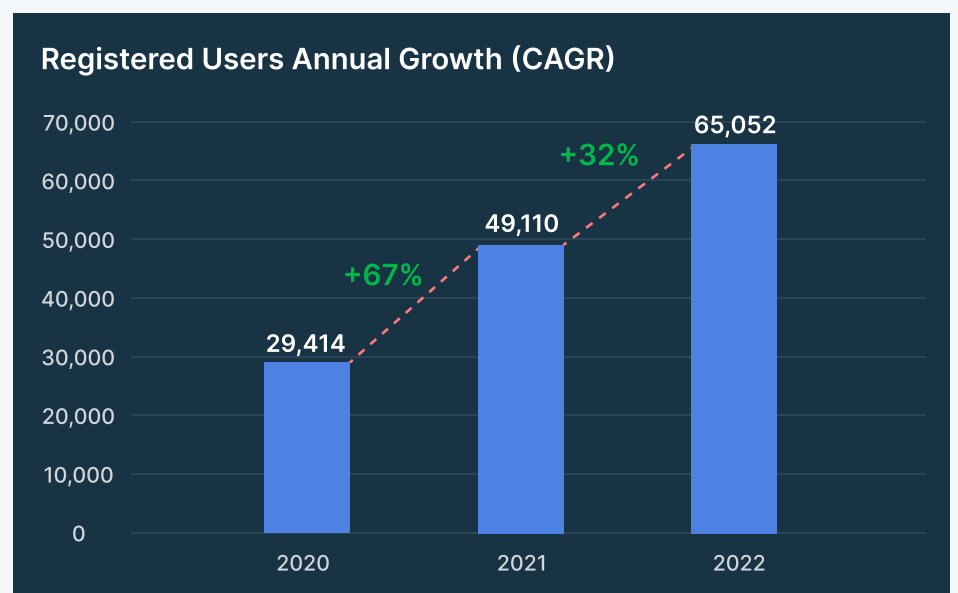


However, looking at the past two years, which were also the first two operational years of fully functional fiat-crypto exchange operations, we proudly recorded a compounded average growth rate of transaction volumes of +170% p.a.



## Retail platform user growth

On a more positive note, we continued to grow our retail customer base. The number of registered customers grew in 2022 by an impressive 32%. However, due to the previously mentioned macroeconomic pressures, combined with the 2022 bear market, the increase in customers did not immediately result in boosting transaction volume.



We also continued to build out our trading platform and extend product offerings. During 2022, we selected and listed an additional 50 trading pairs, launched new staking offerings on Ethereum and Cardano, partnered with a new custody provider and entered the beta development stage for our new mobile app. We are proud that we not only achieved key goals for the year, but did so without a proportionate increase of the cost base. SMART VALOR expenses excluding financial, depreciation and taxes increased in 2022 only by +8.7%.

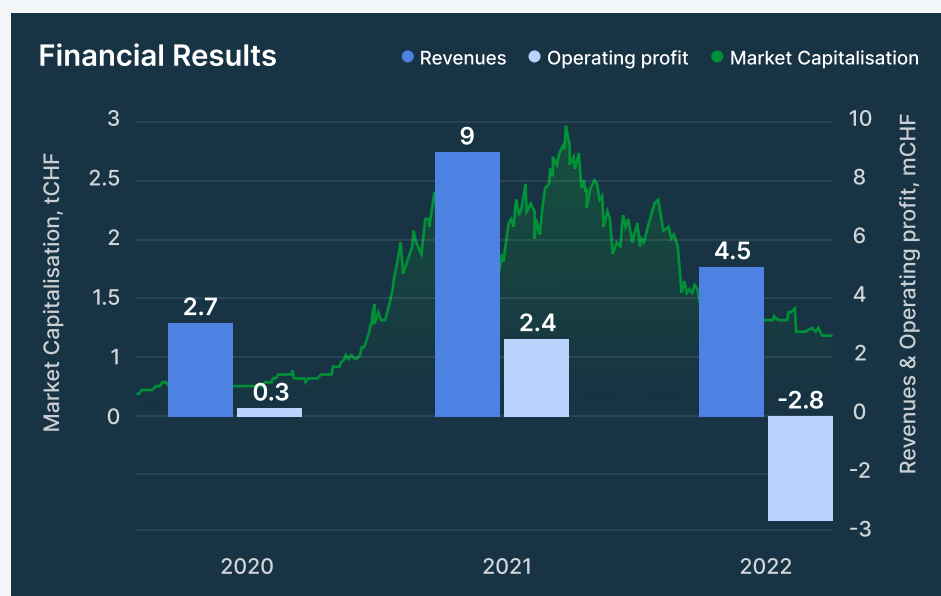
2022 also saw strong B2B advancements for SMART VALOR. We managed to close an important partnership with Dukascopy, a Switzerland-based bank, and launch a crypto offering for banking customers. The partnership will provide the clients of Dukascopy with the possibility to buy, sell and trade 252 digital assets trading pairs in an easy and secure way.



## Financial results

### Review of the income statement

While carefully managing our expenses, we went through several rounds of cost reduction, resulting in keeping the operational cost roughly at the level of the previous year, 2021. Our revenues decreased to CHF 4.5 million, down roughly from CHF 9.1 million in 2021. This resulted in a negative operating result of CHF -2.8 m. Looking at the past two years, the compounded average growth rate of revenues stood at +30% p.a. (CAGR).



The decrease in revenues was driven by a decrease in the number of VALOR tokens sold. Tokens sold decreased 54% year-on-year, from CHF 1.6m in sales in 2021 to CHF 0.7m in 2022. Revenues from market making and treasury management also decreased 47% year-on-year from CHF 5.8m in 2021 to CHF 3.1m in 2022. Service fees on exchange services also decrease from CHF 0.8m in 2021 to CHF 0.3m in 2022.

Operating expenses increased year-on-year from CHF 6.6m in 2021 to CHF 7.2m in 2022. In 2022, many new features were added to the SMART VALOR platform, and a number of key positions were brought in house from external service providers. Investment banking fees of CHF 0.8m as part of the capital raise were also incurred in 2022. Additionally, an extraordinary event took place in 2022, wherein CHF 2.4m in VALOR tokens on the balance sheet were written down to a total value of CHF 1.

The operating result (EBITDA) in 2022 was CHF -2.8m in 2022 compared to CHF 2.4m in 2021, resulting in operating profit margins of -62% and 27% respectively. The net loss for 2022 was CHF -7.2m, compared with CHF -0.7m in 2021.

### Review of the balance sheet

The total assets at the end of 2022 were CHF 8.6m, higher than the CHF 8.4m held at the end of 2021 year-end. The main driver for the asset increase was an increase in the company's cash position increasing from CHF 1.6m at the end of 2021 to CHF 3.2m at the end of 2022, which was facilitated by the capital raise that took place in Q1 2022. The company's inventory of crypto assets decreased from CHF 3.4m to CHF 1.2m, driven predominantly by the write-down of the company's VALOR token holdings to a value of 1 CHF. This symbolic amount includes the full inventory of 28,389,851 VALOR tokens. SMART VALOR has taken a very conservative approach in this write-down, as a booking of unrealised losses with a significantly lower balance sheet impact, would have adhered to Swiss law, and a full write-down was not required. The Company continues to follow the impairment and prudence principles when valuing all of its digital assets. When the market value of its digital asset holdings decreases below their accounting values an unrealised loss is booked. However, when market values rise above accounting values, an unrealised gain is not booked, thereby adhering to the aforementioned principle.

The current liabilities of SMART VALOR decreased significantly from CHF 7.3m at the end of 2021 to CHF 3.2m at the end of the fourth quarter of 2022. This is predominantly driven by the conversion of the CHF 3.7m convertible loan from debt to equity. In addition, its combined accounts payable and other current liabilities positions increased by CHF 0.4m from CHF 1.2m at the end of 2021 to CHF 1.6m at the end of 2022. This increase was driven by an open accounts payable related to investment banking fees and a reclass of a part of the Shareholder Loan to a Line of Credit.

A capital increase in conjunction with the IPO was conducted on 2 May 2022 and as a result, the total equity of the company increased from CHF 1.0m at the end of 2021 to CHF 4.9m at the end of 2022, this can be seen in the increased share capital and capital reserves figures.





## 2023 Highlights

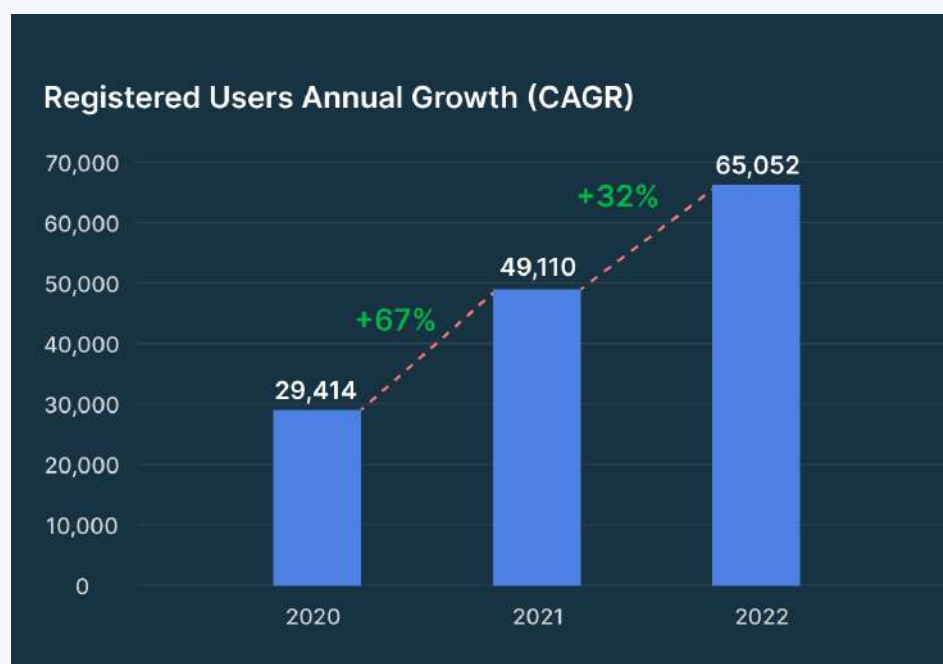
Despite the difficult market conditions, 2022 was a transformative year for SMART VALOR. Here are our top ten highlights for the year:



- Launch of B2B business and integration with Swiss bank Dukascopy
- Go-live with full crypto trading and custody product offering for bank customers



- SMART VALOR becomes public company
- successful IPO on Nasdaq First North

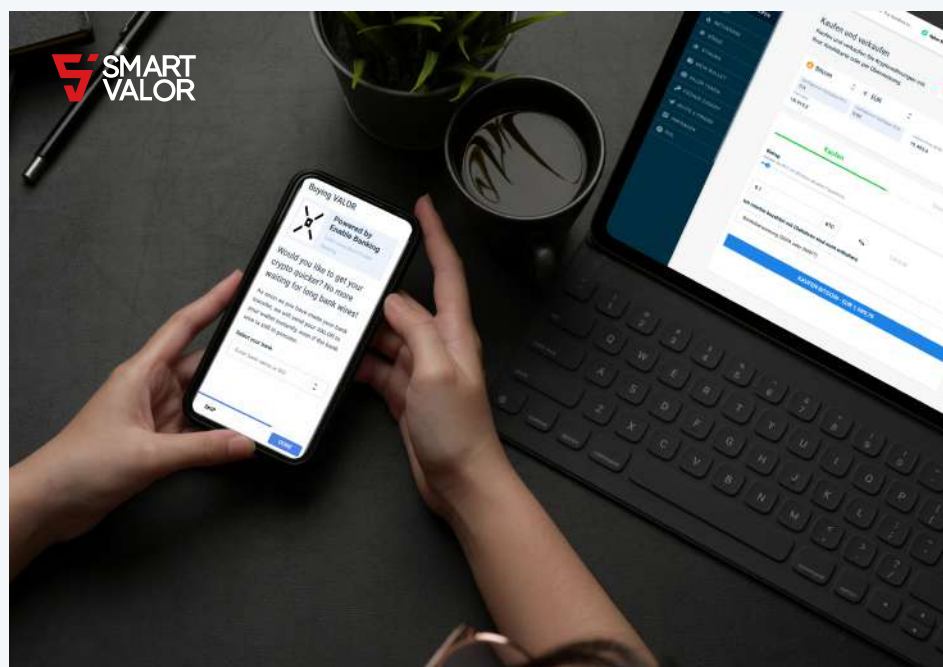


- Sustainable growth of user base despite negative crypto market
- +32% registered user growth



- CHF 13 million capital raised
- CHF 87 million post-money valuation realized: +278% valuation increase on previous funding round in 2019





- Partnership with Enable Banking
- Enabling direct bank integration with 1.000 financial institutions in Europe for fiat onramp



- Successful staging of CryptoSummit.ch, Smart Valor's own flagship conference
- The longest running crypto conference of Switzerland since 2017



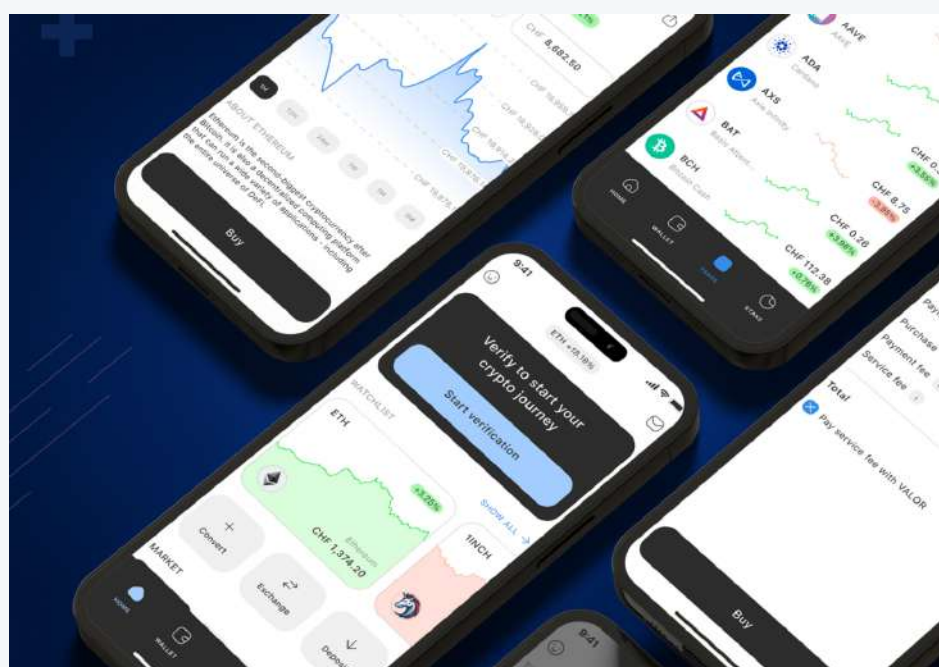
- Selection and listing of 50 additional trading pairs
- Adding Swedish Krona to the list of fiat currencies



- Launch of broad staking product offering
- Including Ethereum, Cardano and other



- Partnership with new custody provider
- Integration with Fireblocks finished



- Start of the development of Smart Valor Mobile App
- Beta version finished



## SMART VALOR outlook for 2023

Our outlook for the remainder of 2023 is in general moderately positive. This hypothesis is based on two assumptions. The first is that crypto markets will continue to develop in a cyclical manner in accordance with the Bitcoin halving cycle, in which the issuance rate decreases by half every 4 years. Each price cycle is made of an approximately two-year period of increasing prices around the halving event. Until now, these cycles have always repeated themselves since the invention of Bitcoin. The next halving event is expected in March 2024. Approximately one year before the halving event, the Bitcoin price normally starts to rise.

The repetition of this pattern would theoretically mean that the price dynamic should start to find its floor in the first half of 2023 and then rebound into a sustained positive trend.<sup>28</sup> It is possible that this dynamic could already be underway, with Bitcoin gaining 41% in two weeks as of 24 March. We assume that if the macroeconomic situation develops into a scenario of a mild but not severe recession, as currently expected, the Bitcoin cycle is likely to keep its historic pattern, as laid out in this commonly accepted hypothesis. This is why we expect that this year is set to be a significantly better year in terms of price development and overall market activity in comparison to 2022.

For both Smart Valor and other exchanges, this is an advantageous scenario as it would mean that more people are taking an interest in digital assets, more first-time buyers join the market and existing investors are more actively engaging in trading. Should this scenario come to pass, we expect to realize growing trading volumes. However, if the macroeconomic environment worsens, the Bitcoin price cycle could be disrupted, thereby delaying the market's move into a distinctive bull phase and dampening investor appetite.

### Positive impact of tightening regulation

One other avenue for positive development in the digital assets industry could come from changes to the regulatory landscape. Today, many unlicensed and unregulated exchanges are offering their services to EU citizens. This will finally come to an end once new regulation called Markets in Crypto-Assets regulation (MiCA) comes into force. The timeline for MiCA looks promising, with the European parliament expected to vote on its implementation in April 2023. Following the vote, there will be a 12-18 month transition period for EU/EEA member states to implement MiCA into their legislation.

The roll-out of MiCA is a very important milestone for Smart Valor. We expect it to be a major strategic advantage for our company. This is because today, even in our core market, we compete with a host of “grey” or even illegal exchanges (such as FTX) that operate from offshore jurisdictions and do not apply the same due diligence, regulation and compliance measures as we do. Lax onboarding procedures, the broad scope of unlicensed products and low fees offered by these players attract customers and take away a big share of our target market. With MiCA coming into force, these players will no longer be able to offer their services in EU/EEA. This is why MiCA will level the playing field for fair completion in European countries.

SMART VALOR is in a good position to become one of the first players in the EU to be authorized according to MiCA, if Liechtenstein maintains its pro-active, first-mover approach and quickly implements the legislation. The Liechtenstein Blockchain Act, developed in 2018-19 and brought into effect in 2020, is until today one of the most forward-looking and sophisticated regulatory frameworks. We consequently expect that the “upgrade” to MiCA will not bring any difficulties for SMART VALOR in order to satisfy any additional requirements. In this regard, we hope to continue to be a first-mover in terms of regulatory compliance.

### Regulatory impact on our B2B scaling strategy

MiCA also has other advantages for SMART VALOR. As we continue to work on the growth of our B2B business, our value proposition for banks and fintechs post-MiCA will become even more attractive. This is because SMART VALOR partners will be able to offer digital assets to their customers in each of the 30 European Economic Area (EEA) countries leveraging our Liechtenstein authorization. In doing so they can embrace a market of 520 million people. This common market potentially stands to outgrow US and possibly even Asian markets in the short to mid-term perspective.

Consequently, during the next 9 months of 2023, our strategic business development team will focus on preparing the ground for partnership with innovative European banks, neobanks, trading platforms, neobrokers, wealth managers and roboadvisors. These are the customer segments that have a good chance to be the first to tap into product shelf extension opportunities of digital assets, extending beyond crypto assets which already today have become one of the most important alternative investments asset class.

Today we are experiencing an ever-growing number of traditional financial products shifting to blockchain infrastructure. This process is more commonly known as tokenization (digitalization) of securities. During the past year there were many new pilots and product launches by traditional banks such as UBS, Societe Generali, Partners Group, digitalizing their bonds, funds and shares. To be able to offer these products to their customers, banks and fintechs will need to develop blockchain-based infrastructure for custody and trading.

Our view is that, for many traditional players, partnering with native Web3 fintech companies like SMART VALOR is inherently more attractive than building the tech and delivery organization for digital assets themselves from scratch. The examples of the Australian and Swiss Stock Exchange SIX, showed that companies have to spend years and budgets in excess of \$200 million to build infrastructure comparable to the one built by SMART VALOR.



## Regulatory breakthrough for digital securities

To make the transition to digital financial products both easier and compliant, the EU came up with a new regulatory adjustment called the DLP Pilot Regime. A pilot regime for market infrastructures based on distributed ledger technology is “part of a package of measures to further enable and support the potential of digital finance in terms of innovation and competition while mitigating the risks.” In general, this legislation is in line with the Commission priorities to make Europe fit for the digital age.<sup>29</sup> More specifically, the DLT Pilot Regime will enable digital asset exchanges such as Smart Valor to apply for the relevant authorizations and extend their offering to tokenized securities, something that was not possible before.

The application period for the DLT Pilot Regime opens at the end of March 2023.

### Summary

We believe that, within the current cycle of innovation, leaner and more efficient Web3 fintech companies such as SMART VALOR will pave the way for digital asset adoption by traditional financial institutions in the same way as fintech companies did in previous innovation cycles during the past 20 years. This is the strategic play that SMART VALOR is focusing on: enabling traditional finance to make a fast and cost-efficient shift to the next generation of financial products based on digital asset technology.

Historically asset tokenization was at the heart of our mission and the reason SMART VALOR was founded. In 2017-18, we were one of the first players evangelizing the idea of faster and better digital securities with T0 settlement, 24/7 trading and infrastructure without intermediaries thanks to the trustless public ledger technology. But implementing tokenization was difficult back then because no regulatory frameworks for digital securities existed.

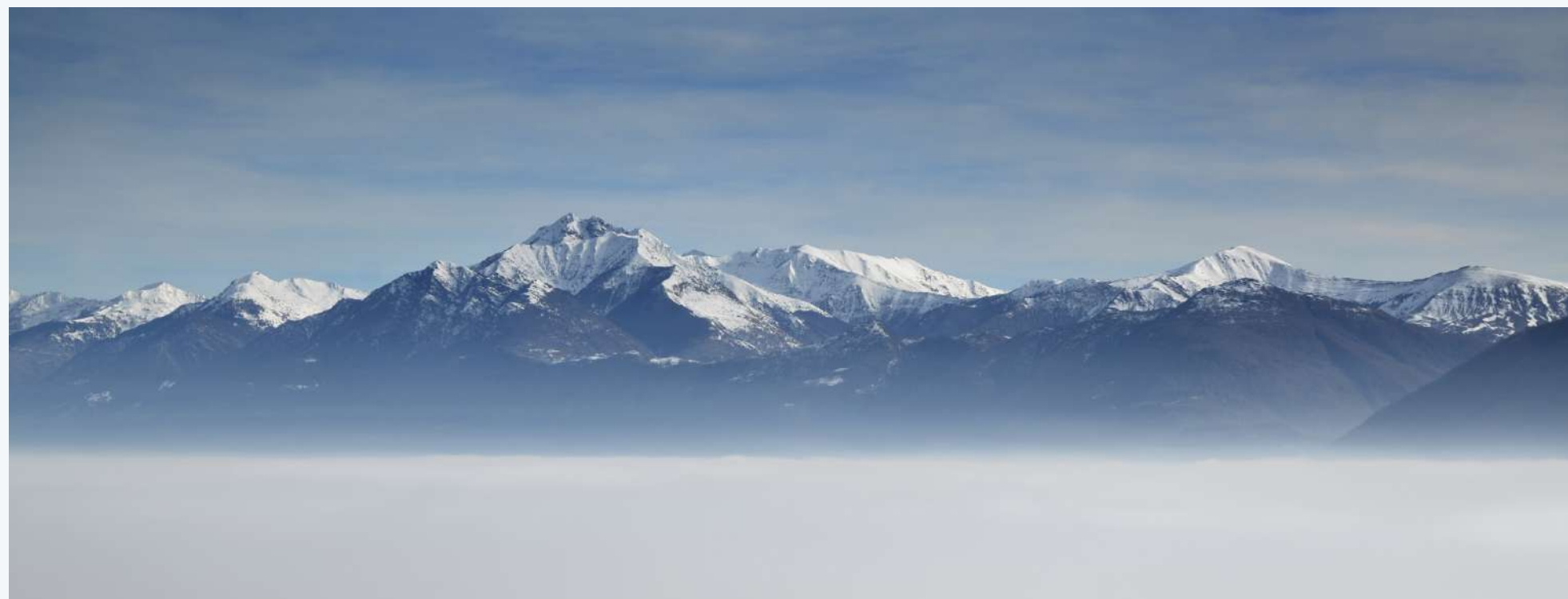
With the DLT Pilot Regime coming into force this year, this major hurdle is moving out of the way.

In the short term, SMART VALOR will continue to drive forward product development on the retail side. Our next product milestones are the roll-out of a mobile app for Android and iOS, the selection and integration of additional trading pairs, extension of

staking offerings, as well as the new offering of roboadvisory-style products such as asset baskets. We expect that this expansion of the product shelf, combined with our continued digital marketing efforts to result in growth and activation of our customer base and increase in transaction volumes, in the event that crypto markets move out of the bear cycle and start their way to the next bull phase this year.

## Events after the end of the year 2022

- In January 2023, we staged CryptoSummit.ch as a two-day conference in Zurich and Davos during the World Economic Forum (WEF) Annual Meeting. CryptoSummit.ch is the longest running crypto conference in Switzerland and the largest blockchain event in Zurich, which was launched by SMART VALOR in 2017.
- Shareholders approved the appointment of BDO as the company's new auditor.
- Thomas Felber stepped down as Managing Director.
- Zsolt Finta (Head of Finance) and Adrian Faulkner (General Counsel) were appointed as Managing Directors (Geschäftsführer) of SMART VALOR
- A capital increase in conjunction with the IPO was conducted on 2 March 2023 and, as a result, the total share capital of the company increased from CHF 147,701.73 to CHF 151,888.47.



# MARKET DEVELOPMENT

## Global financial instability

2022 will likely go down in history as one of the most challenging due to instability in the global economy. This was by no means a surprise for businesses and governments around the world but a variety of factors played into making 2022 a particularly difficult year, including the ongoing war in Ukraine, knock-on effects from the COVID-19 pandemic that continue to choke up supply chains and high levels of inflation.

An IMF report expected global growth to slow from 6.0% in 2021 to 3.2% in 2022, down to 2.7% in 2023.<sup>1</sup> This prediction would place growth at its lowest point since 2001, with the exception of the 2008 financial crisis and the most acute phase of the COVID pandemic.

Q2 witnessed the upward surge of inflation towards record levels, with the IMF predicting a global rise from 4.7% in 2021 to 8.8% in 2022. In Q3, the fight against inflation continued around the world, Russia's war in Ukraine raged on and a resurgence of COVID-19 in China after restrictive lockdown measures were finally lifted across the country weighed heavily on global economic development. Despite a very demanding macro climate, real GDP in many economies, such as the United States, the euro area and major emerging economies was strong. Bottlenecks from the supply side eased, and energy markets adjusted quickly to the market shock from Russia's invasion of Ukraine.

As Q4 rolled into view, this promising uptick slowed in most major economies. According to IMF reporting, high-frequency indicators such as business and consumer sentiment, mobility indicators and purchasing manager surveys suggested a slowdown.<sup>2</sup> Fuel and non-fuel commodities declined along with headline inflation in the fourth quarter, but underlying core inflation has likely not yet peaked. As a result, central banks continued to hike rates more than expected throughout the end of the year and beyond.

## War, energy crisis and high inflation

Q1 largely set the tone for the rest of the year. The general sentiment in the stock market was overwhelmingly negative and the tech sector witnessed a large decline. The war in Ukraine, high inflation and the largest interest rate hike in 22 years by the Federal Reserve impacted markets negatively. The NASDAQ Composite Index declined from 15'832 at the beginning of the year to 11'354 by 20 May 2022, losing around 30% of its market capitalization.

In Q2, the financial fallout broadened globally and few countries were spared the consequences of emergency measures put in place during the COVID-19 pandemic. The Russia-Ukraine war worsened prospects for recovery, added extra strain to international supply chains and created a spike in food and energy prices.

The pressure on global supply chains peaked in the third quarter, with energy prices in Europe spiking 300%. The drastic increase in energy prices was reflected in the economy and contributed to general inflation. Germany experienced price shocks due to its dependency on Russian-imported energy.<sup>3</sup>

The EU commission's autumn forecast predicted that the Ukraine war will plunge the entire Eurozone into recession.<sup>4</sup>

The escalation of the war in Ukraine remained a major source of vulnerability for the global economy in the fourth quarter and was a factor in contributing towards higher costs. Despite a dip in energy prices as Europe stored adequate gas to last the winter, the IMF cited refilling stocks, a potential failure of the Black Sea grain initiative and rising food prices as challenges for lower-income economies in both Q4 and further into 2023.<sup>5</sup>



## Crypto and stock markets

Due to the extremely tough macro climate, the crypto markets experienced significant volatility in 2022. Digital assets were not alone in this, with traditional financial markets also entering a period of significant turbulence as 2022 got underway.

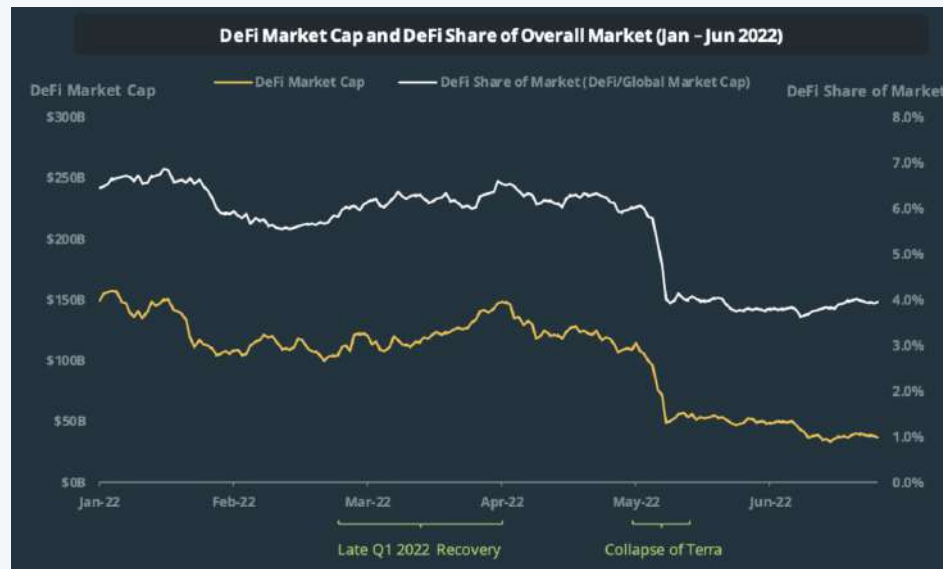
In Q1, crypto trading volumes slowed in comparison to 2021, with the global trading volume sliding from the 2021 peak of USD 4.7 trillion down to USD 1.6 trillion in March 2022. This equated to a loss of 66% of its previous peak volume. The European market also experienced significant decline. In March, spot fiat-crypto trading volume of the Bitcoin- Euro (BTC-EUR) pair on top-tier exchanges decreased by 6% down to 197k Bitcoin or approximately EUR 7.3 billion. Overall, for Q1 the volumes decreased by 28% in comparison to Q4 2021.

In Q2, the cryptocurrency market continued its evolution into a major sector of the token-based stock market. Consequently, its correlation with the global financial markets also increased. In this context, digital assets were negatively impacted by the liquidity crunch within the sector, as well as a wider repricing of risk assets in financial markets. The depth of the bear market became more pronounced in Q2, with many investors from the previous bull run holding their assets at an unrealized loss.

Q2 also marked the point at which the bear market became more intense, with the implosion of the Terra network kickstarting a credit crunch across the industry and leaving a trail of collapsed companies that had a serious effect on decentralized finance (DeFi) and the wider cryptocurrency sector. Several big names in the industry were unable to cope with the degree of liquidations and filed for bankruptcy, sending further ripples across the DeFi sector.



The DeFi market capitalization fell by over 74% in Q2.<sup>6</sup> Providers such as Celsius, BlockFi and Three Arrows Capital, which had staked large amounts of UST and Luna tokens, lost billions of dollars in customer deposits.



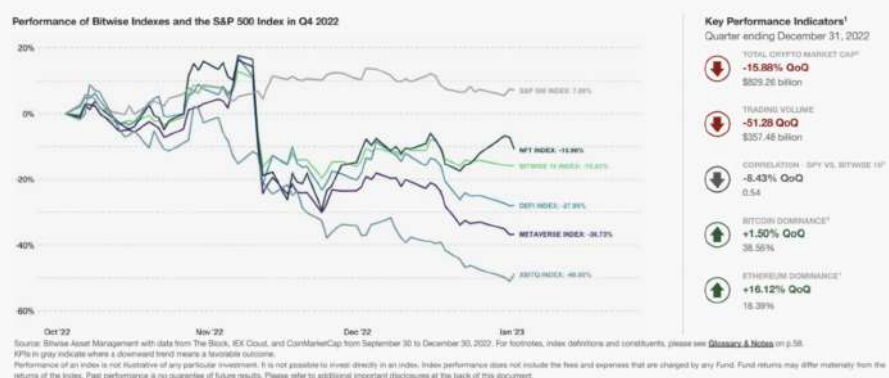
Source: [CoinGesco](#) <sup>7</sup>

The rapid contagion kickstarted by the Terra network spooked investors and consequently investment suffered. This, combined with higher interest rates, drove up borrowing costs for companies and consumers, leaving them with less money to invest and reducing demand. The sharp nose-dive triggered in part by the collapse of Terra, combined with the stage of the Bitcoin cycle and external macro pressure dashed any hopes of a summer rally in Q3. Since the 2021 bull market, Bitcoin has increasingly correlated with U.S. Tech stocks.<sup>8</sup> In Q3 2022, the average correlation between Bitcoin and the NASDAQ 100 was 0.6 as inflation and rate hikes dominated the narrative.<sup>9</sup> After the brutal sell-offs in May and June, the crypto markets moved mostly in a sideways range.

After an objectively brutal year, many crypto investors were hoping for a rally in Q4. Unfortunately, this did not come to pass as the markets were subjected to the failure of another of the sector's largest companies: FTX. FTX filed for Chapter 11 bankruptcy on Nov. 11, 2022 and former founder and CEO Sam Bankman-Fried was arrested about a month later and consequently extradited to the U.S. where his trial procedure is ongoing. Bankman-Fried had been using customer funds as his own "personal piggy bank" according to the SEC and the collapse of this ponzi scheme left an \$8 billion hole in FTX's accounts.<sup>9</sup> Over 1 million depositors, creditors and investors were affected, including BlockFi, Genesis Global Trading and Silvergate Bank.

Bitwise Crypto Market Quarterly Review | Q4 2022 | bitwisecrypto.com

**Q4 2022 Review: Continued macro headwinds and the FTX fallout pummeled crypto assets, with crypto equities bearing the brunt of the decline.**



Source: [Bitwise](#) <sup>10</sup>

The overall crypto market capitalization decreased by 15.9% quarter-on-quarter in Q4. The Average daily trading volume for crypto markets dropped from 32.8% from \$88.1 billion in Q3 to \$59.2 billion in Q4.<sup>11</sup>

A Bitwise Investment report found that Q4 2022 topped off one of the worst years in crypto's history, with Bitcoin falling 65% throughout the year, making it the second worst year on record. Coingecko reported that the year closed off with a total crypto market capitalization of \$829 billion, 64.1% lower than the \$2.3 trillion at the start of year.

2022 might be over, but it's likely that the enormous effects of FTX will be felt in both 2023 and beyond. The multi-billion dollar collapse and associated criminal proceedings lit a fire under both regulators and politicians that had their fingers burned by Bankman-Fried. The result was a wave of legal action from the SEC and the United States generally taking a much tougher stance on digital assets. Consequently, the United States started to see talent move elsewhere as regulatory winds changed.

## Bitcoin: Holding steady

During the 2022 bear market, Bitcoin's price dropped -73% below the November 2021 ATH.

In Q3, Bitcoin dominance fell slightly from 41.1% to 38%.<sup>12</sup> Despite overwhelmingly negative sentiment in traditional markets, Bitcoin (BTC) managed to hold its ground in Q3 of 2022, posting a neutral performance. After having reached its low of \$17,760 in Q2, BTC traded mainly between the \$18k and \$22k range during Q3. The quarter's high was at \$24,433.

Bitcoin managed to outperform equities and most major fiat currencies in the third quarter, with the exception of the US Dollar Index (DXY). The world's largest cryptocurrency topped the rankings with a return of 3.1%. Apart from BTC, precious metals and cash, all other asset classes were in negative territory.<sup>13</sup>



Source: [Messari State of Bitcoin Q4](#)

In Q4, Bitcoin's narrow trading range that bounced around the \$20,000 level was foiled by the collapse of FTX and the consequent market volatility had a strong negative impact on Bitcoin's price. According to Messari reporting, BTC fell 25% in 4 days, ending the quarter at \$15,533.<sup>14</sup> This resulted in a 15% quarter-on-quarter decline. Messari also found that Bitcoin was the worst performing asset class in Q4, largely due to panic selling and contagion-related collapse from FTX. Despite this, Bitcoin managed to outperform some notable blue chips, in Q4, such as Paypal (-17%), Amazon (-26%), and Tesla (-54%).

According to the same report, Bitcoin experienced an abnormally high degree of correlation both over the past two quarters and 12 month period. Messari's State of Bitcoin report showed that BTC experienced a strong positive correlation with the Dow Jones Industrial Average, NASDAQ 100, S&P 500, and Russell 2000. The report also showed that BTC maintained a strong negative correlation with the U.S. Dollar Index and the 10-Year Treasury Yield over the same 12 month period. Transaction volume remained high throughout Q4, with an average of 259,000 daily transactions, an increase of 3% compared to Q3. This rise can largely be attributed to the implosion of FTX.

Despite the knock-on effects of FTX, Bitcoin saw some key moments, including VISA launching BTC debit cards in 40 countries, Google accepting BTC for cloud services, BNY Mellon offering BTC custody service, Honk Kong Announcing its intention to legalize BTC retail trading, Fidelity launching BTC trading accounts for retail investors and Microstrategy's launch of BTC lightning solutions.

## Ethereum: The successful switch to Proof-of-Stake (Merge)

2022 was a tough year for all digital assets and the second largest cryptocurrency by market cap, Ether, was no exception. ETH took a big hit from Terra as the DeFi and NFT bubbles burst, causing overleveraged companies and overhyped projects to come crashing down to earth. With this, the market moved from extreme greed to extreme fear. Total value locked (TVL), the sum of all cryptocurrencies staked, loaned, deposited in a pool, on Ethereum in Q2 fell 42.4% from 59.42B to 34.21b.<sup>15</sup>

Much like the rest of the traditional and digital markets, Q2 was the start of the 2022 bear market in earnest and consequently saw metrics dip across the board. Network revenue fell by 33.4% QoQ from \$1.91B to \$1.28b. Average daily addresses fell 20.6% from 593, 404 to 471, 447, likely fuelled by the bearish sentiment spreading across the market at the time. Staking, however, increased 115% from 6.01m to 12.98m, in anticipation of the network's transition from Proof-of-Work (PoW) to Proof-of-Stake (PoS). According to Bankless research, 10.86% of the total supply of ETH was staked by the end of Q2.

ETH dominance climbed in Q3 2022 from 14.3% to 16.4%.<sup>16</sup> Q3 also saw the completion of the long awaited Merge, a cornerstone of the Ethereum roadmap. The Merge is the first of five software upgrades planned for the Ethereum blockchain and involved moving from the Proof-of-Work (PoW) method of validating transactions and securing the network to the more energy-efficient Proof-of-Stake (PoS).

Although the transition was successful and went smoothly during ongoing operations, the effective positive price effect anticipated by some for the ETH price did not materialize. Strong price increases leading up to the weeks before the Merge indicate that the switchover was fully priced in by the time it took place. In Q3 2022 the ETH price return was +25.7%, peaking at \$1,982 in mid-August.<sup>12</sup>

While Ethereum's upgrade to Proof-of-Stake made it more resistant to shocks from the market, it was not immune to market impact from the catastrophic implosion of FTX in Q4. ETH ended the quarter down 10%, but managed to outperform close peers such as BTC and SOL. Network revenue dropped 93.8% from \$.4.3b to 267.8m, which Bankless reporting attributes to falling crypto prices. DeFi TVL fell -75.8% from \$95.7b to 23.2b, again due to the wider decline in prices across the 12 month period. Transactions, active addresses and lending volumes were all down for the quarter across the Ethereum blockchain.



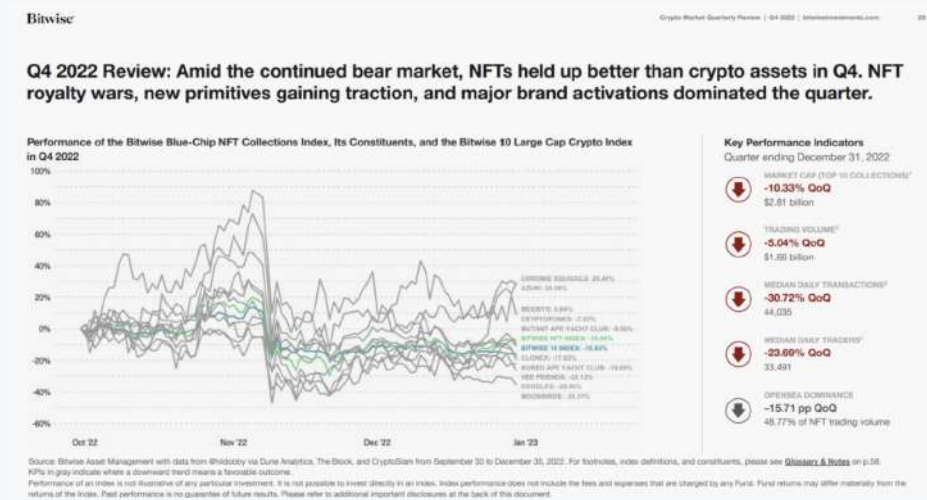
## Web 3: The next internet

After Web 1.0, which was predominantly defined by static text and images, and Web 2.0, in which websites became more interactive, Web 3.0 is commonly described as the next evolution stage of the internet. A truly decentralised internet without intermediaries and with users in full ownership of their data. Blockchain technology is fast becoming the key building block of an alternative financial system that will be used in the next iteration of the internet. Beyond the financial system, a framework for digital identity, collaboration and ownership rights is also being built through blockchain technology, meaning that Web3 is a wide-ranging and important technology sector that cannot be overlooked by investors.

In Q1, the bear market had not yet fully taken hold of the narrative surrounding Web3 and Emergen Research predicted that the NFT market would grow 10.7% annually, reaching USD 130.4 b by 2030.<sup>17</sup> Q2 witnessed a nosedive across most aspects of digital assets, but did not initially dampen prospects for Web3, NFTs and the metaverse. Financial titan JP Morgan signed a one-year lease for a Decentraland property and Hyundai launched their "Metamobility Universe" NFT space on April.<sup>18</sup> Gucci also entered the metaverse by creating Gucci Town, a digital destination for exhibitions and interactive shopping activities, as well as partnering with SuperRare to curate digital art.

Despite the downturn, top tech companies such as Microsoft, Twitter and big consumer brands like Disney, Nike and Starbucks started to experiment with Web3. According to recent research, the global Web3 market reached US\$3.2 billion in 2021 and is expected to grow at a CAGR of 43.7% by 2030.<sup>19</sup> VC investments in Web 3.0 topped \$18 billion in the first half of 2022.





Source: [Bitwise Crypto Market Quarterly Review: Q4 2022](#)

For Web3, Q4 was brutal as it combined an onslaught of macroeconomic pressure, shockwaves from the Q2 liquidity crunch and the implosion of FTX. This fraught market environment led to a 74% drop in funding to Web3 start-ups across the ecosystem, falling from \$9.3 billion to just \$2.4 billion compared to Q4 2021.<sup>20</sup> Despite this, developer activity spiked in Q4 2022, regardless of market volatility. Ethereum saw an increase of 453% in mainnet smart contract deployments in Q4 2022, according to Alchemy's Web3 Development Report.<sup>21</sup> The fastest growing category of decentralized application (Dapp) is social dapps, which saw a 105% increase Y/Y and a 58% increase compared to Q3 2022.

NFTs, on the other hand fell 10% QoQ, but increased by more than 10% on a year-on-year basis, mostly based on strong sales from H1 2022. Bitwise reporting showed that NFTs with utility opened up new revenue streams for major brands, with Prada, Givenchy, Ralph Lauren, Warner Bros and NBCUniversal all announcing NFT projects in Q4 2022.

## Crypto adoption continues

2022 was a terrible year for crypto prices, but that volatility didn't stop adoption from both retail and institutional investors alike. Many investors now understand that digital assets are a diverse and varied investment class with a wide selection of functions. This means that investors of all types are now aware that digital assets can be bought and held throughout multiple market cycles over a long period of time. This is why we saw a rise of long-term holders throughout the bear market and a consistent flow of adoption and experimentation from investors.

In Q1, Blackrock, the world's largest asset manager entered a strategic partnership with Circle, one of the most prominent stable coin operators (USDC) and JPMorgan reported in February that their long-term theoretical target for BTC would be around \$150,000. The financial titan also said Bitcoin was its preferred alternative asset class along with hedge funds.

Q2 soured the mood for the cryptocurrency industry as prices plummeted and the macroeconomic climate worsened. Nevertheless, Gartner Research forecasted that the business value of blockchain would reach \$176 billion by 2025 and over \$3 trillion by 2030.<sup>22</sup> Grayscale also reported that digital asset adoption among institutional investors was growing and expected to reverse the ratio of institutional to retail who currently dominate 97% of the market, by the end of this decade.

The two biggest moves of financial institutions into digital assets in Q3 were from BlackRock and Nasdaq. BlackRock launched a private BTC trust and Nasdaq announced the launch of "Nasdaq Digital Assets", which will offer custody solutions tailored to institutional clients.<sup>23</sup>

MicroStrategy, the largest institutional Bitcoin buyer entered an agreement to sell \$500 million in shares to fund more purchases of BTC.<sup>24</sup> Citigroup announced hiring new staff to its digital-assets team, and venture capital firm Andreessen Horowitz, a significant investor in the industry, continued to invest in crypto despite losses during the bear market.

Inflation and global turmoil helped play into higher levels of global adoption in Q4. JP Morgan popped back up to remind everyone that they're still interested in digital assets by conducting their first trade on Polygon. The transaction was only for \$0.02 but shows that DeFi is clearly a strong contender worthy of the attention of the world's top financial institutions even at the depths of a bear market.



Source: [Bitwise](#) <sup>25</sup>

According to Gemini's 2022 adoption report, more respondents whose currency had experienced more than 50% devaluation against USD over the last 10 years and were more than 5 times as likely to buy digital assets in the near future.<sup>26</sup> Europe had the highest number of crypto-curious respondents and Ireland led the charge with 58% and Germany coming a close second with 53% saying they will consider buying in the next year.

Respondents said that concerns about trust volatility and security, as well as a lack of understand about how to purchase crypto were the biggest blockers. This only confirms to us that SMART VALOR's mission of making digital assets available to as many people as possible in a simple and secure way remains a vital service in a growing digital asset industry.

Chainalysis reporting noted that global adoption remains well above 2020 bull market levels, despite extremely challenging market conditions.<sup>27</sup> According to the report, conviction holders are committed to the long term, while a critical mass of new users that bought during periods of price growth will stay through bear markets.

# FINANCIAL PERFORMANCE

## Accounting overview

The figures presented in the financial statements are consolidated figures for the SMART VALOR group. 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.

The financial statements for the SMART VALOR group have been prepared according to the locally accepted accounting standards in each of its entities. The local standards used are:

- Switzerland: Obligationenrecht (OR) - the Swiss Code of Obligations
- Liechtenstein: Personen und Gesellschaftsrecht (PGR) - the Persons and Companies Act
- Germany: Handelsgesetzbuch (HGB) - the primary commercial code for companies in Germany

The consolidated financial statements for SMART VALOR have been prepared using the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligation), Articles 963 and 964.

The yearly reporting period for Smart Valor AG is 1 January to 31 December.

## 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 (EBIT) before depreciation and amortization.	This measure is used to measure the profit from operating activities before depreciation and amortization.
Gross profit	Net turnover minus cost of goods sold.	The measure is used to gauge the Company's efficiency in using resources to produce goods and services.
Balance sheet total	Summary of the Company's assets at the end of the period.	Shows an overview of the Company's assets and liabilities and what they amount to.
OPEX	Operational expenditures (OPEX) are expenses incurred to perform operational activities. They comprise the total of “Service and development”, “Sales commission fees”, “Personnel costs”, “VALOR Token Incentives” and the items under “operating expenses” on the income statement.	OPEX are presented in 3 separate categories on the income statement to facilitate discussions with the Swiss tax authorities, when discussing the annual tax obligations.

## GROUP KEY FIGURES

Key figures in millions (m) for the year 2022 and 2021 were:

CHF 4.5 m	Revenues were CHF 4.5m in 2022, compared to CHF 9.1m in 2021.
CHF -2.8 m	Operating profit before depreciation and amortisation (EBITDA) was CHF -2.8m in 2022, compared with CHF 2.4m in 2021.
CHF 7.2 m	Operating expenses were CHF 7.2m in 2022, an increase of 9.1% from 2021, when they were CHF 6.6m.
CHF -7.2 m	The net loss in 2022 was CHF -7.2m, compared with a net loss of CHF -0.7m in 2021.
CHF 8.6 m	Assets held at the end of 2022 were CHF 8.6m, an increase of +2.6% over 2021 year-end, when they were CHF 8.4m.
CHF 3.2 m	Smart Valor had a cash balance of CHF 3.2m the end of 2022, compared with a cash balance of CHF 1.6m at the end of 2021.



# FINANCIAL STATEMENTS

## Consolidated Income Statement

CHF	Notes	01/01/22 31/12/22	01/01/21 31/12/21
Revenue from sale of goods to Swiss residents		177,369	993,771
Revenue from sale of goods to non-Swiss residents		564,075	608,102
Revenues from foreign exchange on VALOR Token		324,920	824,813
Revenues from market making and treasury management		3,067,410	5,775,161
Revenues from services		49,891	51,133
Other Revenue	4.	294,966	799,942
<b>Total income</b>		<b>4,478,631</b>	<b>9,052,922</b>
Service and development	4.	-3,759,521	-3,936,554
Sales commission fees		-27,366	-185,320
<b>Gross result I</b>		<b>691,744</b>	<b>4,931,048</b>
Personnel costs incl. social securities		-1,174,675	-847,637
VALOR Token Incentives		-324,920	-820,260
<b>Gross result II</b>		<b>-807,851</b>	<b>3,263,151</b>
Rental expenses		-57,355	-43,475
Insurance premiums		-34,611	-8,432
Consulting and accounting expenses	4.	-214,302	-192,072
Legal advice expenses	4.	-437,424	-67,055
Administrative, other consulting and IT expenses		-188,415	-93,273
Promotion, marketing and advertising expenses	4.	-917,157	-369,166
Travel and customer care expenses		-92,393	-25,624
Other costs		-7,011	-45,473
<b>Total operating expenses</b>		<b>-1,948,668</b>	<b>-844,569</b>
<b>Operating result</b>		<b>-2,756,519</b>	<b>2,418,583</b>
Depreciation and valuation adjustments on intangible assets		-1,589,997	-718,211
Financial income		33,230	0
Financial expenses	4. 6.	-3,090,582	-2,239,611
Extraordinary changes	8.	368,704	-164,259
<b>Profit / Loss for the period before taxes</b>		<b>-7,035,163</b>	<b>-703,498</b>
Taxes		-122,911	-17,457
<b>Profit / Loss for the period</b>		<b>-7,158,074</b>	<b>-720,956</b>

## Consolidated Balance Sheet

CHF	Notes	31/12/22	31/12/21
<b>ASSETS</b>			
Cash and cash equivalents		3,219,565	1,601,499
Inventory		1,222,270	3,356,111
Trade accounts receivable	1.	23,147	0
Other Current Assets		91,830	615,014
Prepaid expenses and accrued income	2. 3.	80,412	6,236
<b>Total current assets</b>		<b>4,637,225</b>	<b>5,578,859</b>
Intangible Assets		3,893,745	2,757,149
Investments		25,254	25,254
Investments in Subsidiaries		0	0
Other non-current assets	5a.  5b.	30,231	6,301
<b>Total non-current assets</b>		<b>3,949,229</b>	<b>2,788,703</b>
<b>TOTAL ASSETS</b>		<b>8,586,454</b>	<b>8,367,563</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Trade accounts payable		969,233	336,098
Other current liabilities	2.  3.	585,096	845,177
Convertible Loan		0	3,681,461
Loan from Shareholders		1,433,714	1,841,504
Accrued expenses and deferred income	7.	219,254	621,635
<b>Total current liabilities</b>		<b>3,207,296</b>	<b>7,325,874</b>
Subordinated debt		450,000	0
<b>Total non-current liabilities</b>		<b>450,000</b>	<b>0</b>
<b>Total liabilities</b>		<b>3,657,296</b>	<b>7,325,874</b>
Share capital		147,702	121,170
Capital Reserves	5a.	13,951,304	2,976,080
Voluntary retained earnings			
Profit reserves		50,000	0
Loss brought forward	5b.	- 2,051,024	-1,330,068
Loss for the period		- 7,158,074	-720,956
Foreign currency translation adjustments brought forward		-3,464	-2,865
Foreign currency translation adjustments for the period		-7,285	-1,673
<b>Total shareholders' equity</b>	<b>3.</b>	<b>4,929,158</b>	<b>1,041,688</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>8,586,454</b>	<b>8,367,563</b>



## Consolidated Cash Flow Statement

CHF	Notes	01/01/22 31/12/22	01/01/21 31/12/21
<b>Profit / loss of the period</b>		<b>-7,158,074</b>	<b>-720,956</b>
Depreciation, amortization, impairment and gains on non-current assets		1,589,997	718,211
Change in inventory		2,133,841	-2,035,392
Change in trade accounts receivable		-23,147	0
Change in other current assets		523,183	-365,834
Change in prepaid expenses and accrued income		-74,176	1,799
Change in non-current assets		0	-1,762
Change in trade accounts payable		633,135	-52,866
Change in other current liabilities		-260,081	344,352
Change in accrued expenses and deferred income		-402,381	344,160
Change in non-current liabilities		450,000	0
Other non cash-related expenses / revenues	I.	-3,285	363,532
FX differences from transaction corrections		-6,211	-10,507
Change in capital offset difference		0	0
<b>Cash flow from operating activities</b>		<b>-2,597,200</b>	<b>-1,415,262</b>
Investments in intangible assets		-2,215,978	-1,446,567
Disposal of intangible assets		0	2,147
Investments in non-current assets		-33,158	0
Disposal of non-current assets		900	0
Purchase of investments		0	0
Disposal of investments		-50,000	0
<b>Cash flow from investing activities</b>		<b>-2,298,236</b>	<b>-1,444,420</b>
Increase/decrease of other financial liabilities		-4,131,461	3,681,461
Increase/decrease of loan from Shareholders		-407,790	0
Dividends		0	0
Change in not paid in capital		0	50,000
Change in paid in capital		26,531	0
Capital increase / capital decrease		10,975,224	0
Change in profit reserves		50,000	0
Purchase / sale of own shares		0	0
<b>Cash flow from financing activities</b>		<b>6,512,504</b>	<b>3,731,461</b>
<b>Change in cash and cash equivalents</b>		<b>1,617,068</b>	<b>871,779</b>
Beginning of the period		1,601,499	725,572
FX differences in cash and cash equivalents		-998	-4,148
End of the period		3,219,565	1,601,499
<b>Change in cash and cash equivalents</b>		<b>1,617,068</b>	<b>871,779</b>

## Changes in Consolidated Equity

CHF, for the period:	01/01/22 - 31/12/22	01/01/21 - 31/12/21
<b>Balance at the beginning of the period</b>	<b>1,041,688</b>	<b>1,765,212</b>
Net Gain/Loss at SV-CH for the period	-7,125,432	-840,501
Net Gain/Loss at SV-DE for the period	44,490	46,766
Net Gain/Loss at SV-FL for the period	-77,132	72,780
Capital increase	11,001,755	0
Other equity	51,673	-895
Foreign currency adjustment for the year	-7,884	-1,673
<b>Equity at the end of the period</b>	<b>4,929,158</b>	<b>1,041,688</b>





## Notes to the Consolidation 2022 - Disclosure on balance sheet and income statement items

### Principles

#### General aspects

The consolidation of the Smart Valor entities was prepared by Smart Valor AG in Zug, Schweiz, on the basis of the received financial statements from Smart Valor AG in Zug, Schweiz [SV-CH], Smart Valor AG in Vaduz, Liechtenstein (SV-FL) and Smart Valor Services GmbH in München, Deutschland [SV-DE]. The consolidation will serve as a basis for the requested needs of the board. The accounting for SV-CH was performed in conjunction with Cleverkin s.r.o. The SV-FL accounting was performed by Steuerkompetenzcenter Anstalt (SKC). The accounting for SV-DE was performed by VBC - Die Gewinnwerkstatt e.K., working in close collaboration with Koray Cetinkaya, Steuerberater, recently being awarded with an excellent tax accountant designation in Germany.

These consolidated financial statements are based on (i) submitted, financial statements, (ii) records of the company and (iii) from information and explanations supplied from the involved persons.

#### Used foreign currency rates

	CHF/EUR
Closing rate as at 31.12.2022 (according to the published foreign exchange rates from the ESTV)	0.98745
Average yearly rate	1.02095
Historical rate (used for share capital)	1.1679

#### Cash and Cash equivalents

Cash and cash equivalents are valued at nominal value.

#### Trade receivables and other current receivables

Trade receivables and other current receivables are valued at their nominal value. They are subjected to value adjustments where recovery is compromised. These value adjustments are not continued if the reasons, for which the value adjustments were made, have ceased to apply.

#### Inventory

Inventories of digital assets are maximally valued at the lower of purchase or market price, following the Imparity Principle. If the market value of a given digital asset decreases below its purchase price an unrealised loss is booked to the income statement.

#### Intangibles

Smart Valor Switzerland (SV-CH) has capitalised on its balance sheet, costs incurred to build the Smart Valor exchange platform. The platform is a fully functioning digital asset exchange, capable of being used to buy, sell, deposit, withdraw, stake, etc. digital assets. It is comprised of approximately 300'000 lines of code, integrates leading custodial solutions, order book and matching engine, remarketer software, AML/Compliance toolsets and many other functionalities.

Expenses incurred explicitly for the building of the platform asset have been activated on the balance sheet and amortised straight-line over a 5-year period. The normal annual depreciation rate is therefore 20%. An impairment test has also been performed, and no impairment was necessary.

#### Financial assets

Financial assets are valued at their nominal value. They are subjected to value adjustments if necessary. These value adjustments are not continued if the reasons, for which the value adjustments were made, have ceased to apply.

#### Investments

Investments are valued at their nominal value. They are subjected to value adjustments if necessary. These value adjustments are not continued if the reasons, for which the value adjustments were made, have ceased to apply.

#### Liabilities

Liabilities are entered at their nominal value.

## Disclosure on balance sheet and income statement items

### 1. Inventory

	2022 in CHF	2021 in CHF
Inventory	1,222,270	3,356,111

The digital asset inventory of SMART VALOR are maximally valued at the lower of their purchase or market price, following the Imparity Principle. There was a large decrease in the value of the company's inventory in 2022, predominantly driven by a write down of CHF 2,436,363 of VALOR token held on its balance sheet to a total value of CHF 1. This write down of VALOR was comprised of 5,921,571 VALOR held on the books, as acquired from clients.

An additional supply of 22,468,280 VALOR tokens was previously valued at a total of CHF 1. With this write down, all company-held VALOR tokens, in the amount of 28,389,851 VALOR is valued at a total of CHF 1. SMART VALOR has taken the most conservative approach with respect to the valuation of its VALOR inventory.

### 2. Intercompany asset / liability accounts between SV-FL and SV-CH

	2022 in CHF
Trade accounts payable between SV-FL and SV-CH	-716,160
Other current assets between SV-CH and SV-FL	716,160
<b>Total</b>	<b>0</b>

### 3. Intercompany asset / liability accounts between SV-DE and SV-CH

	in EUR	2022 in CHF
Trade accounts payable between SVS-DE and SV-CH	-27,032	-26,693
Other current assets between SVS-DE and SV-CH	1,054	1,040
Other current assets between SV-CH and SVS-DE	0	29,850
<b>Total</b>		<b>4'197</b>

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

### 4. Profit/Loss - elimination of intercompany balances

	SV-DE	SV-CH	2022 in CHF
Elimination intercompany revenue	-1,549,241	0	0
Elimination Service and development (platform development related parties)	0	1,202,612	0
Elimination Advertising & Marketing	0	226,119	0
Elimination Accounting, Audit, Tax, Payroll Services	0	44,501	0
Elimination Legal Advice Expenses (Compliance)	0	43,728	0
FX Difference between intercompany expenses/activated asset	1,549,241	1,516,960	32,281

Smart Valor Services GmbH (SV-DE) revenues are originally expensed in Smart Valor Switzerland. Of these expenses, CHF 1'202'611.66 are development costs of the Smart Valor Platform, and were activated as assets.



## 5a. Investments Consolidation (Share capital)

		2022	2022 in CHF
Smart Valor FL, Vaduz	I in CHF	50,000	50,000
Smart Valor Services DE, München	I in EUR	25,000	29,198
<b>Total</b>			<b>79,198</b>

The fx rate as per the date of transaction was 1.1679136.

## 5b. Write-off of SV-CH Investment in SV-FL

	2022 in CHF
Investments in Subsidiaries	-50,000
Profit reserves (under Voluntary retained earnings)	50,000
<b>Total</b>	<b>0</b>

Due to the current indebtedness of the Smart Valor FL entity, Smart Valor Switzerland's investment in its subsidiary was written-off and is considered a profit reserve under voluntary retained earnings.

## 6. Financial expense

	2022 in CHF	2021 in CHF
Financial expenses	-3,090,582	-2,239,611

The financial expenses of 2022 consist of a CHF 2'436'363.96 write down in the value of all VALOR tokens, so that the value of all VALOR on the balance sheet is CHF 1. Additional unrealised losses on crypto assets of CHF 58'871.14 were also booked.

## 7. Loan from Shareholders

	2022 in CHF	2021 in CHF
Loan from Shareholders	1,433,714	1,841,504
<b>Total</b>	<b>1,433,714</b>	<b>1,841,504</b>

The line of credit that was booked in 2021 against Loan from Shareholders was removed from the Loan account and reclassified to an Other Current Liabilities account.

## 8. Extraordinary changes

	2022 in CHF	2021 in CHF
Extraordinary changes	368,704	-164,259

**In 2022:** An extraordinary revenue in the amount of CHF 368,703.69 was booked in the Liechtenstein entity after prior year differences from 2020 and 2021 were clarified.

**For 2021:** An extraordinary expense of CHF 164,258.73 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.

Other information

**A. Business name, name of undertaking, legal form, registered office:** Switzerland: Smart Valor AG, Baarerstrasse 10, 6302 Zug, Switzerland; registration number: CHE-306.481.585  
Liechtenstein: Smart Valor AG, Birkenweg 6, 9490 Vaduz, Liechtenstein; registration number: FL-0002.596.088-9  
Germany: Landsberger Straße 155, 80687 Munich, Germany; registration number: HRB 244361

**B. Digital assets held for clients** SMART VALOR holds CHF 7.8 million in digital assets on behalf of its clients on dedicated client wallets. These balances are not reflected on the balance sheet of the company. A monthly Proof of Client Holdings is prepared for monitoring of these assets.

**C. Vouchers and balances held for clients** Clients held Vouchers in the amount of CHF 26,588 as per 31.12.2022, which is reflected on the balance sheet of the Liechtenstein entity. Wealth management clients held CHF 21,091, which is reflected on the balance sheet of the Switzerland entity.

**D. Full-time equivalents (FTEs)** The annual average number of full-time equivalents for the reporting year did not exceed 10 at neither Smart Valor AG in Switzerland nor at Smart Valor Services GmbH in Germany. The company also employs consultants, that are either self-employed or employed by third party contractors.

**E. Pension fund liabilities** Smart Valor Switzerland has open liabilities to pension funds in the amount of CHF 166.30 as at 31.12.2022 (prior year CHF 141.15). Smart Valor Services GmbH does not have any open liabilities to pension funds as per 31.12.2022.

**F. Employee stock option plan and VALOR option plan** The Board, Management and Employees of Smart Valor have earned the following amounts of stock options, through the Employees Stock Option Plan (ESOP) and Valor options through the VALOR Option Plan in 2022 and 2021.

Employee Stock Option Plan	2022 # of stock options earned	2022 Total exercise price paid (in CHF)	2022 Value at end of lock-up period on 10.02.2023 (in CHF)	2021 # of stock options earned	2021 Total exercise price paid (in CHF)	2021 Value at end of lock-up period on 10.02.2023 (in CHF)
Board	3,076	769	2,207	6,136	1,534	4,402
Management	62,789	3,695	45,049	155,174	14,790	111,332
Employees	1,001	250	718	4,000	1,000	2,870
Advisory Board	6,105	1,526	4,380	24,547	6,137	17,612
Total	72,971	6,241	52,354	189,857	23,460	136,216

No shares of Smart Valor SDB earned have been sold in 2022, as all were subject to a lock-up until 10.02.2023.





VALOR Option Plan	2022 # of VALOR options earned	2022 Total exercise price paid	2022 Value at 31.12.2022 (in CHF)	2021 # of VALOR options earned	2021 Total exercise price paid	2021 Value at 31.12.2021 (in CHF)
Board	10,000	not yet exercised	1,568	28,000	not yet exercised	28,895
Management	272,000	not yet exercised	42,657	257,000	not yet exercised	265,213
Employees	20,000	not yet exercised	3,137	20,000	not yet exercised	20,639
Total	302,000		47,361	305,000		314,747

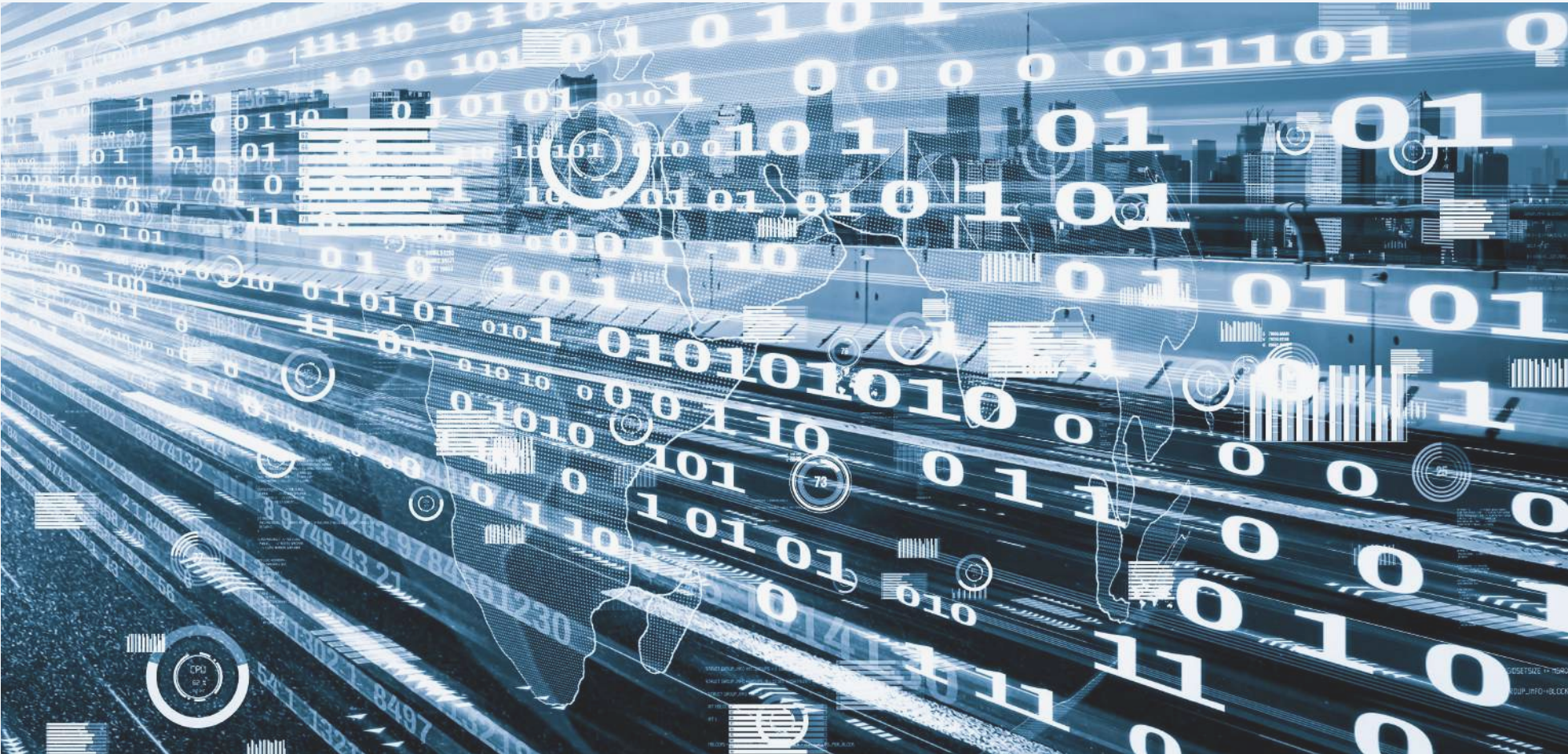
No VALOR options earned have been exercised.

**G. Audit fees** The company accrued for the following audit fees: CHF 41'000 in Switzerland, CHF 10'000 in Liechtenstein and EUR 5'000 in Germany.

**H. Ownership structure** The following persons own more than 5% of the share capital of the company:

Name	Total in 2022	% of 2022 total	Total in 2021	% of 2021 total
Olga Feldmeier	5,021,130	34.00%	4,947,500	38.38%
Oliver Feldmeier	5,001,517	33.86%	4,947,500	38.38%

**I. Significant events after the balance sheet date** Smart Valor completed a capital increase on 02.03.2023. Its Share Capital increased by CHF 4,186.74 from CHF 147,701.73 to CHF 151,888.47, while its capital reserves increased by CHF 1,932,079.50 from CHF 13,951,303.80 to CHF 15,883,383.30.





## Notes to the consolidation – disclosure on the statement of cash flows and equity statement

### Principles

#### General aspects

The consolidated statement of cash flows of the Smart Valor entities was prepared by Smart Valor AG in Zug, Schweiz, on the basis of the consolidated financial statements from Smart Valor AG in Zug, Schweiz [SV-CH], Smart Valor AG in Vaduz, Liechtenstein (SV-FL) and Smart Valor Services GmbH in München, Deutschland [SV-DE]. The cash flow will serve as a basis for the requested needs of the board. The accounting for SV-CH was performed by Cleverkin s.r.o. SV-FL accounting was performed by

Steuerkompetenzcenter Anstalt (SKC). The accounting for SV-DE was performed by VBC - Die Gewinnwerkstatt e.K., working in close collaboration with Koray Cetinkaya, Steuerberater, recently being awarded with an excellent tax accountant designation in Germany.

This statement of cash flows is based on the (i) consolidated statements from Smart Valor (ii) records of the company and (iii) from information and explanations supplied by the involved persons. Verifying of underlying transactions have not been done.

#### Exchange differences in cash and cash equivalents

	Exchange rate
rate at 01.01.2022	1.03615
average 2022	1.02095
rate at 31.12.2022	0.98745

	EUR	CHF	Exchange rate
Smart Valor GmbH cash at 01.01.2022	92,036	95,363	1.03615
Change (average rate)	-35,735	-36,484	1.02095
Smart Valor GmbH cash at 31.12.2021 carried on	56,301	58,879	0
Smart Valor GmbH cash at 31.12.2022	56,301	55,594	0.98745
FX differences in cash and cash equivalents	0	-3,285	0

### Additional notes to the consolidated statement of cash flows

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 non-cash expenses, such as amortisation and changes in inventory, accounts payable and other current assets are added back.

In 2022 the company's cash outflows from operating activities were CHF 2.6m, compared to cash outflows of CHF 1.4m in 2021. The key drivers were a change in inventory driven by the VALOR token write down of CHF 2.4m and an increase in accounts payable as CHF 0.8m in investment banking fees owing were booked in 2022, with the payment being deducted from the final payout form the capital raise of 2022 being paid out in Q1 2023. The company's cash outflows from investing activities were CHF 2.3m in 2022, compared to CHF 1.4m 2021. Significant investments continue to be made into the SMART VALOR platform asset,

as new features continue to be developed and new digital assets are listed for trading on the platform. Cash inflows from financing activities during 2022 were CHF 6.5m related to the capital raise, whereas cash inflows were 3.7m in 2021 related to the Convertible Loan.

In 2022, the overall position in cash and cash equivalents for the company increased by CHF 1.6m from CHF 1.6m at the end of 2021 to CHF 3.2m at the end of 2022.

#### Notes to the changes in consolidated equity

The equity of the company increased by CHF 3.9m from CHF 1.0m at the end of 2021 to CHF 4.9m at the end of 2022. This was predominantly driven by the capital raise completed on 2 May 2022. The increase was partially offset by the net loss incurred during the period.



# AUDITOR'S REPORT

## STATUTORY AUDITOR'S REPORT

To the general meeting of Smart Valor, Zug

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Smart Valor AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 15 to 24) comply with Swiss law and the consolidation and valuation principles set out in the notes.

#### Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<b>Existence and valuation of intangible assets</b>  Smart Valor Group capitalized significant internal labour costs and external costs in respect of the developments of its intangible assets.  This is a significant focus point of our audit to ascertain whether costs which do not meet the requirements of Swiss law and the group's accounting policy, are inappropriately recorded on the balance sheet rather than expensed or that costs continue to be held on the balance sheet despite no longer meeting the relevant capitalization criteria.  The intangible assets are presented at cost less accumulated amortization and impairment losses. The existence of a potential value adjustment indicator would require the recognition of an impairment loss in addition to the actual amortization plan.  The group's policy on the capitalization of intangible assets is included in the accounting principles included in the notes of the consolidated financial statements.  As shown on the balance sheet of the consolidated financial statements, the intangible assets represent a total amount of CHF 3.9 million (2021: CHF 2.8 million) on the balance sheet. This represents 45% (2021: 33%) of the assets of the Group.	<p>We have performed among others the following audit procedures:</p> <p>We evaluated the design and implementation on controls in respect of the capitalization of intangible assets.</p> <p>We have also assessed the adequacy of disclosures and classification in relation with the intangible assets.</p> <p>We have carried out sample-based testing in relation to each element of capitalized costs including inspection supporting evidence for a sample of costs, understanding the nature of these costs, and considering whether they meet the capitalization requirements of Swiss law and the Group's accounting policy.</p> <p>We inspected supporting evidence to determine whether depreciation commenced appropriately in accordance with Swiss law and the Group's accounting policy.</p> <p>We assessed the impairment test and its main assumptions provided by the Group to assess whether any value adjustment indicator occurred that would have required a revision of the amortization plan or the recognition of an impairment loss.</p>

### Going concern assumption

During 2022 revenues of Smart Valor Group declined from CHF 9.1 million to CHF 4.5 million. Additionally, a loss occurred in 2022 amounting to CHF 7.2 million (compared to a loss of CHF 0.7 million for the year 2021).

The total shareholders' equity amounted to CHF 4.9 million as at 31 December 2022. In 2021 the shareholders' equity amounted to CHF 1.0 million. During 2022 a capital increase occurred, and CHF 0.03 million additional share capital and CHF 11.0 million additional capital reserves were raised in this capital increase during 2022.

This is a significant focus point of our audit to ascertain whether the going concern assumption is still appropriate.

If the going concern assumption could not be applied anymore, assets and liabilities had to be recognised by its liquidation values which could lead to valuation adjustments and a higher loss.

### Other Matter

The financial statements for the year ended 31 December 2021 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 8 June 2022.

### Other Information

The board of directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors for the Consolidated Financial Statements

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with the provisions of Swiss law, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law and SA-CH 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 consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits>. This description forms part of our auditor's report.

We have performed among others the following audit procedures:

We evaluated the design and implementation on controls in respect of the monitoring process of the monthly results and the liquidity forecast.

We have assessed main assumptions of the budget for 2023 and compared the results of the first quarter 2023 with its budgeted values.

We have compared the liquidity position with its forecast of the first quarter 2023.

We have inspected supporting evidence to determine that the liquidity position as at 31 March 2023 is correct.



## Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, 7 June 2023

BDO Ltd

**Erik Dommach**

Certified audit expert  
Auditor in charge

**Patrick Cattin**

Certified audit expert



## OTHER KEY FINANCIALS

As of 31 December 2022, the total outstanding shares of SMART VALOR were 14,770,173. This is an increase of 2,653,145, over the previous number of outstanding shares as at year-end 2021 which were 12,117,028. The net earnings per share pre and post dilution

are presented in the following table. The capital increase resulting from the IPO is being executed in two stages, with the first capital increase having been completed on 2 May 2022 and the second stage being completed in the first quarter of 2023.

### Net earnings per share and average number of shares outstanding

Net earnings per share	01/01/22 31/12/22	01/01/21 31/12/21
Net income	-7,158,074	-720,956
# of shares outstanding pre-dilution	12,117,028	12,117,028
# of shares outstanding post-dilution	14,770,173	12,117,028
Net earnings / share pre-dilution	-0.59	-0.06
Net earnings / share post-dilution	-0.48	-0.06
<b>Average number of shares outstanding</b>		
pre-dilution	12,117,028	12,117,028
post-dilution	13,443,601	12,117,028

### Additional comments

Closely-Related Party Transactions

During the reporting period, no closely-related party transactions took place.

### 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".

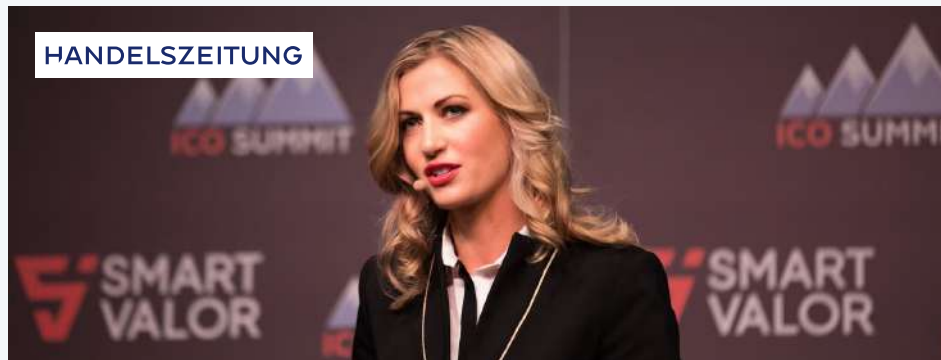
### Calendar

Event	Date
Q1 Statements 2023	30/05/2023
Annual Report 2022	7/06/2023
Annual General Meeting	29/06/2023
Q2 Statements 2023	30/08/2023
Q3 Statements 2023	29/11/2023
Preliminary Year-End Report 2023	30/03/2024



# SMART VALOR IN THE MEDIA IN 2022

The SMART VALOR leadership team continues to be featured on main business channels in print and television, represented by Olga Feldmeier, co-founder and board chair of SMART VALOR.



**Handelszeitung: Erste Firma aus dem Schweizer Crypto Valley will an die Börse**

[Gründerin Olga Feldmeier will mit Krypto-Firma Smart Valor an die Börse](#)  
[Handelszeitung](#)



**Dagens Industri: "Kryptodrottningen" tar sitt bolag till First North**

["Kryptodrottningen" tar sitt bolag till First North \(di.se\)](#)



**Bilanz: Smart-Valor-CEO Olga Feldmeier über Bitcoin: «Die 100'000er Marke wird locker übertroffen»**

[Smart-Valor-CEO Olga Feldmeier über Bitcoin: «Die 100'000er Marke wird locker übertroffen»](#) | [BILANZ \(handelszeitung.ch\)](#)



**BILANZ Standpunkte: Krieg, Inflation, Deglobalisierung - Wohin steuert die Wirtschaft?**

[Krieg, Inflation, Deglobalisierung: Wohin steuert die Wirtschaft?](#)



**NZZ: Schweizer Krypto-Queen - «Die mediale Inszenierung von Zug als Krypto-Valley ist übertrieben»**

[Schweizer Krypto-Queen: «Die mediale Inszenierung von Zug als Krypto-Valley ist übertrieben»](#)



**SRF Eco Talk: Cyberkrieg - muss die Schweiz jetzt aufrüsten?**

[Cyberkrieg: Muss die Schweiz jetzt aufrüsten?](#)



**Cointelegraph: Experten teilen mit - Ist der Krypto-Winter 2022 anders als der von 2018?**

[Experten teilen mit: Ist der Krypto-Winter 2022 anders als der von 2018? – Teil 2 \(cointelegraph.com\)](#)

# GLOSSARY

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





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



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# ADDRESS AND CONTACT

## Company

### SMART VALOR AG

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## Certified adviser

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## Central securities depository

### Euroclear Sweden AB

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