

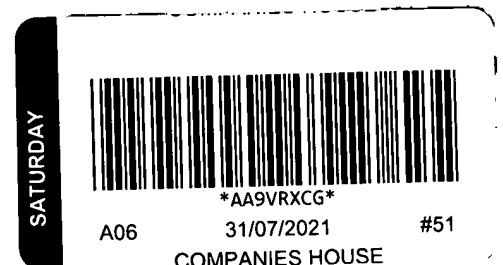
Bitstamp

Bitstamp Ltd

Annual Report and

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020



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

Registration number: 08157033

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Company information

Directors

Nejc Kodrič

Jong Hyun Hong

Hendrik Ghys

Oliver Blower (Appointed 1 January 2020)

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
Gorenjska Banka d.d.	Bleiweisova cesta 1, 4000 Kranj, Slovenia
Banque Internationale à Luxembourg S.A.	69, Route d'Esch, L-2953 Luxembourg, Luxembourg
Signature Bank	565 Fifth Avenue, New York, NY 10017, U.S.A.
Sberbank	Dunajska cesta 128a, 1000 Ljubljana, Slovenia
Silergate Bank	4250 Executive Square, Suite 100, La Jolla, CA 92037, U.S.A.
Swissquote	Ch. de la Crétaux 33, CH-1196 Gland, Switzerland
Bank Frick	Landstrasse 14, 9496 Balzers, Liechtenstein
LHV Bank	Tartu mnt 2, 10145 Tallinn, Estonia
BCB Group/ClearBank	5 Merchant Square, London, W2 1AS, United Kingdom

Strategic report

The directors present their strategic report for the year ended 31 December 2020.

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 the following trading pairs:

Bitcoins ("BTC") vs EUR, USD, GBP, PAX and USDC,
Ripple ("XRP") vs EUR, USD, GBP, BTC, and PAX,
Litecoin ("LTC") vs EUR, USD, GBP and BTC,
Ethereum ("ETH") vs EUR, USD, GBP, BTC, PAX and USDC,
Bitcoin Cash ("BCH") vs EUR, USD, GBP and BTC,
Paxos Standard ("PAX") vs EUR, USD and GBP,
Stellar Lumens ("XLM") vs EUR, USD, GBP and BTC,
Chainlink ("LINK") vs EUR, USD, GBP, BTC and ETH
OMG Network ("OMG") vs EUR, USD, GBP and BTC
USD Coin ("USDC") vs EUR and USD
Ethereum 2.0 ("ETH2") vs ETH

The Company earns revenue by charging transaction, deposits and withdrawal 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 2020 the Company's revenue amounted to EUR 54,507,224 compared to EUR 51,111,708 in the previous year. The increase in revenue is mainly driven by a significant increase in trading volumes during the last quarter of 2020, slightly offset by the reduction in trading volumes following the migration of part of the client portfolio to two subsidiary companies Bitstamp Europe S.A. and Bitstamp USA Inc. during 2020. Cost of sales during the year under report amounted to EUR 7,936,801. (2019: EUR 7,469,303). The administrative expenses amount to EUR 31,540,809 compared to EUR 37,770,275 in 2019. The Company was able to reliably estimate the VAT that would be recoverable on its 2020 purchases and this amount of EUR 3,433,302 has been reflected in administrative expenses.

The Company's total assets increased to EUR 750,224,916 compared to EUR 594,370,570 in 2019. This is mainly driven by the higher trading volumes during the last quarter of 2020, which resulted in the holding of significantly more Restricted cash. 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 transfer of part of the client portfolio to Bitstamp Europe S.A. was settled via a capital contribution which increased the investment by EUR 8,298,943. The Company holds a portfolio of cryptocurrencies on behalf of its customers amounting to EUR 1,717,543,364 (2019: EUR 1,101,807,639).

Strategic report (continued)

KEY PERFORMANCE INDICATORS

As of 31 December 2020, 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 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) and Bitstamp USA, Inc. (which holds a BitLicence from the New York Department of Financial Services). During 2020 the Company incorporated Bitstamp Asia Pte Ltd, a subsidiary in Singapore and the regulatory licence application was made to the Singapore Monetary Authority. The company also received a temporary registration under the UK FCA Virtual Asset Service Provider (VASP) regime, following its application for a permanent registration. The Company expects to receive the permanent VASP registration in due course, however in the circumstances that this is not achieved, the Directors would need to re-evaluate the role of the Company within the Group's operations, including the acceleration of the migration of the Company's clients to its regulated subsidiaries. In any event, the Company will continue to migrate the relevant parts of its client portfolio to Bitstamp Europe S.A., Bitstamp USA Inc. and Bitstamp Asia Pte Ltd in the course of 2021 and 2022.

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.

Strategic report (continued)

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.

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 on 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 no long-term loans with fixed or variable rates.

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. The Company has made an application for a permanent UK VASP registration, and if successful, it will be subject to meeting the associated regulatory requirements of that registration.

Strategic report (continued)

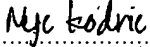
CAPITAL MANAGEMENT

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.

13.7.2021

Approved by the Board on and signed on its behalf by:

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Nejc Kodric
Director

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2020.

DIRECTORS OF THE COMPANY

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

Nejc Kodrič

Jong Hyun Hong

Hendrik Ghys

Oliver Blower (Appointed 1 January 2020)

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

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.

Directors' Report (continued)

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.

COVID-19 PANDEMIC

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets.

The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 also led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue.

The outbreak of COVID-19 could negatively impact our global business and results of operations in future reporting periods. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The Executive Management of the Company, with the full engagement of the Board of Directors, undertook an early and comprehensive assessment of the potential impacts of the COVID-19 pandemic.

Management set out the following priorities:

- The health and safety of employees and business partners (no client safety impact was foreseen as the Company's business is fully internet based), with an early decision taken to go to a Work From Home mode;
- The safety of client assets;
- The ability of clients to continue to trade seamlessly on the Company's platform;
- The ability of the Company to meet its obligations and to continue its development.

To achieve these objectives, Management developed and implemented a number of specific processes, these processes continue to be reviewed with the changing requirements and guidance from local authorities during the period of the pandemic.

Directors' Report (continued)

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.

However, as disclosed in note 2.a) of these financial statements, there is material uncertainty regarding the company's ability to continue as a going concern, deriving from the current and potential changes in the UK regulatory regime for businesses carrying on crypto asset activity in the UK. In 2020, the Company applied for a permanent VASP registration under the amended Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs) regime. The Company is currently trading under the Temporary Registration Regime whilst it progresses its application for the permanent VASP registration. The Company expects to receive the permanent VASP registration, however in the circumstances that this is not achieved, the Directors would need to re-evaluate the role of the Company within the Group's operations, including the acceleration of the migration of the Company's clients to its regulated subsidiaries.

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 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.

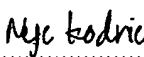
DISCLOSURE OF INFORMATION TO THE AUDITORS

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 13.7.2021 and signed on its behalf by:

DocuSigned by:

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Nejc Kodrič - 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;
- 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.

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.

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. Whilst not routine in nature, but still taking account of all relevant stakeholder interests, the board also took the decision to commence the migration of the client portfolio to its regulated subsidiaries, Bitstamp Europe SA, which is domiciled in Luxembourg and holding a Payment Institution Licence regulated by CSSF, the Luxembourg financial sector regulator and and Bitstamp USA Inc., which is domiciled in New York, USA and holds a Virtual Currency Trader Licence from DFS, the New York state financial sector regulator. This decision was taken in line with the management strategy to provide exchange platform services from regulated environments.

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 2020 which comprise the Profit and Loss Account, the Balance Sheet, Statement of cash flows, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 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 2020 and of its profit 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 related 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 going concern due to potential changes in the UK regulatory regime for businesses carrying on cryptocurrency activity in the UK. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 11, 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.

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

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 10 to 11 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.

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

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.

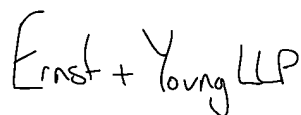
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the regulations, license conditions and supervisory requirements of the Financial Conduct Authority ('FCA') and the Companies Act 2006.
- We understood how Bitstamp Limited 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 and a review of Board and Risk committee meetings held. We gained an understanding of Bitstamp's approach to governance demonstrated by the Company's risk management policy framework and internal processes. We also reviewed the Bitstamp's complaints and Whistleblowing processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by assessing the controls that the 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 noncompliance with such laws and regulations. Our procedures involved inquiries of legal counsel, executive management, the risk function and 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
16 July 2021

Profit & Loss Account

For the year ended 31 December 2020

	Note	2020 EUR	2019 EUR
Revenue	3	54,507,224	51,111,708
Other income	4	6,154,730	103,217
Total turnover		60,661,954	51,214,925
Cost of sales	5	(7,936,801)	(7,469,303)
Gross profit		52,725,153	43,745,622
Administrative expenses	6	(31,540,809)	(37,770,275)
Operating profit		21,184,344	5,975,347
Other interest receivable and similar income	7	1,615,773	7,093,656
Interest payable and similar expenses	8	(1,976,568)	(4,321,708)
		(360,795)	2,778,948
Profit before tax		20,823,549	8,747,295
Taxation	11	(3,578,943)	(1,774,499)
Profit for the financial year		17,244,606	6,972,796

The above results were derived from continuing operations

Accompanying notes on pages 20-37 constitute an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 EUR	2019 EUR
Profit for the year		17,244,606	6,972,796
Other comprehensive income	14	6,722,144	-
Total comprehensive income for the year		23,966,750	6,972,796

Accompanying notes on pages 20-37 constitute an integral part of these financial statements.

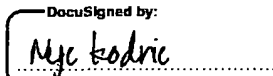
Balance Sheet

For the year ended 31 December 2020

ASSETS	Note	2020 EUR	2019 EUR
Fixed assets			
Intangible assets	12	5,937,700	4,580,463
Tangible assets	13	534,922	901,578
Investments	14	31,926,118	12,867,506
Total Fixed assets		38,398,740	18,349,547
Current assets			
Debtors	15	81,013,386	54,510,499
Cash at bank and in hand	16	38,843,349	22,010,512
Restricted cash	16	591,969,441	499,500,012
Total Current assets		711,826,176	576,021,023
Creditors: Amounts falling within one year	17	(671,423,894)	(539,219,335)
Net Current assets		40,402,282	36,801,688
Total assets less current liabilities		78,801,022	55,151,235
Provisions for Liabilities	18	(2,220,416)	(2,537,379)
Net assets		76,580,606	52,613,856
Capital & reserves			
Called up share capital	19	(1,745)	(1,745)
Share premium reserve		(8,451,063)	(8,451,063)
Profit & Loss Account		(68,127,798)	(44,161,048)
Total Equity		(76,580,606)	(52,613,856)

Accompanying notes on pages 20-37 constitute an integral part of these financial statements.

Approved and authorised by the Board on 13 July 2021 and signed on its behalf by:

DocuSigned by:

 3212D4C9DFF447E...
 Nejc Kodrič

Director

Date of signing: 13 July 2021

Statement of Change in Equity

For the year ended 31 December 2020

	Share Capital	Share Premium	Profit & Loss Account	Total
	EUR	EUR	EUR	EUR
As at January 1, 2019	1,745	8,451,063	91,097,218	99,550,026
Profit for the year	-	-	6,972,796	6,972,796
Total comprehensive income	-	-	6,972,796	6,972,796
Dividend Payment	-	-	(53,908,966)	(53,908,966)
As at December 31, 2019	1,745	8,451,063	44,161,048	52,613,856
Profit for the year	-	-	17,244,606	17,244,606
Other comprehensive Income	-	-	6,722,144	6,722,144
Total comprehensive income	-	-	23,966,750	23,966,750
Dividend payment	-	-	-	-
As at December 31, 2020	1,745	8,451,063	68,127,798	76,580,606

Accompanying notes on pages 20-37 constitute an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 EUR	2019 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		17,244,606	6,972,796
Adjustments to cash flows from non-cash items			
Earnings in cryptocurrency	12	(1,695,165)	(1,473,840)
Depreciation on tangible assets	13	358,836	340,053
Amortisation of intangible assets	12	327,885	104,931
Net impairment of intangible assets	12	8,243	(538,622)
True up adjustment of intangible assets	12	-	975,335
Loss on disposal		713	-
Unrealised net foreign exchange differences	7,8	519,129	1,404,720
Income tax expense	11	3,577,331	1,774,499
		20,341,578	9,559,872
Working capital adjustments			
(Increase) in trade debtors	15	(35,460,018)	(23,085,508)
Increase/(decrease) in trade creditors	17	130,894,407	(228,188,335)
Cash generated from operations		115,775,967	(241,713,971)
Net Income taxes refunded/(paid)		4,796,191	(13,084,504)
Net cash flow from operating activities		120,572,762	(254,798,475)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	14	(10,759,669)	(6,767,506)
Acquisition of tangible assets	13	(9,321)	(109,495)
Acquisition of intangible assets	12	-	(1,727,865)
Proceeds from sale of tangible and intangible assets	12,13	18,228	-
Net cash flows from investing activities		(10,750,762)	(8,604,866)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(53,908,966)
Net cash provided by financing activities		-	(53,908,966)
Net increase/(decrease) in cash and cash equivalents		109,821,396	(317,312,307)
Net foreign exchange difference		(519,129)	(1,404,720)
Cash & cash equivalents at 1 January		521,510,523	840,227,550
Cash & cash equivalents at 31 December		630,812,790	521,510,523

Accompanying notes on pages 20-37 constitute an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2020

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 13 July 2021.

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 to this basis deriving from the current and potential changes in the UK regulatory regime for businesses carrying on crypto asset activity in the UK. In 2020, the Company applied to the FCA for a permanent VASP registration under the MLRs regime. The Company is currently trading under the Temporary Registration Regime whilst it progresses its application for the permanent VASP licence. The Company fully expects to receive the permanent VASP registration, however in the circumstances that this is not achieved, the Directors would need to re-evaluate the role of the Company within the Group's operations, which could include the acceleration of the migration of the Company's clients to its regulated subsidiaries.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

In the prior year, the Company's financial statements were prepared on a basis other than going concern. The Company's management reviewed its Balance Sheet, no adjustments were made to the carrying values of its assets and liabilities. A provision for costs related to winding up of the Company was made, which has been reversed in the current year.

An estimate of the recoverable input VAT for the current year was made for the first time. A key judgement involved in determining the estimate, was the likelihood of recovery of the input VAT from the Slovenian Tax Authority which was assessed at nil in the prior years due to the limited experience in recovering input VAT claims. In 2019, the amount estimated for the recoverability of VAT was nil with the full VAT amount being recognised as irrecoverable and recognised in Administrative expenses. In the current year, given, the successful recovery of input VAT over the past few years, the recoverability of input VAT estimate has been re-assessed taking into consideration the sufficient historical precedence. As a result, the recoverable input VAT has been estimated to be EUR 3,433,302 and this amount is included in the current year results (see Note 6).

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 consist of transaction processing fees as well as the deposit and withdrawal fees charged to the users of the Company's exchange platform.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

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 method and rate</u>
Licensed and acquired technologies	25% per annum
Cryptocurrencies	Indefinite (no amortisation)

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 method and rate</u>
Computers & office equipment	25% per annum
Furniture & fixtures	25% per annum

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

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

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.

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 2020, 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:

	2020	2019
	EUR	EUR
Transaction processing fees	49,366,049	46,659,239
Deposits and withdrawals fee income	3,021,902	2,821,132
Service fee income	1,512,258	1,500,802
Other fees	607,015	130,535
Total	54,507,224	51,111,708

NOTE 4 – OTHER INCOME

During 2020 other income amounted to EUR 6,154,730 (2019: EUR 103,217) and includes the sale of part of the Client portfolio to one of its subsidiaries amounting to EUR 2,529,553 (2019: Nil), recharges of services to Group companies of EUR 3,583,732 (2019: Nil) and royalties and similar income of EUR 41,445 (2019: EUR 103,217).

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:

	2020	2019
	EUR	EUR
Financial transactions tax	4,635,202	4,652,608
Cryptocurrency charges	2,185,850	1,900,644
Bank charges	1,115,749	916,051
Total	7,936,801	7,469,303

NOTE 6 – ADMINISTRATIVE EXPENSES

Administrative expenses for the financial years 2020 and 2019 can be split as follows.

	2020	2019
	EUR	EUR
Intercompany services	21,329,816	19,607,266
Information technology	8,424,356	7,908,751
Staff & subcontractors	2,874,333	4,618,133
Audit & consultancy	2,643,016	3,337,330
Other administrative expenses	1,162,991	612,643
Provisions for litigation settlements	1,381,673	-
Depreciation & amortisation expense	686,721	444,984
Marketing	481,367	607,721
Travel & representation	174,030	970,105
Premises	153,429	656,830
Impairment of Intangible assets	8,243	(538,622)
Loss on disposal of Intangible assets	713	-
VAT refund	(7,779,879)	(454,866)
Total	31,540,809	37,770,275

For 2020, the Company was able to reasonably estimate the VAT that should be recoverable on its 2020 purchases and so the amount of EUR 3,433,302 (2019: Nil) has been included in the "VAT Refund" caption above. The remaining amount is the VAT recoverable in respect of 2019 purchases.

NOTE 7 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	EUR	EUR
Interest income on bank deposits	1,345,184	6,668,733
Unrealised foreign exchange gains	169,053	73,830
Realised foreign exchange gains	94,036	351,093
Dividend income	7,500	-
Total	1,615,773	7,093,656

As of 31 December 2020, 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

	2020	2019
	EUR	EUR
Realised foreign exchange loss	925,005	2,169,979
Unrealised foreign exchange loss	688,182	1,478,550
Interest expense on bank balances	363,381	673,179
Total	1,976,568	4,321,708

NOTE 9 - REMUNERATION

The aggregate payroll costs were as follows:

	2020	2019
	EUR	EUR
Wages & salaries, including social security	652,324	763,465
Total	652,324	763,465

NOTE 10 - AUDITORS' REMUNERATION

	2020	2019
	EUR	EUR
Audit of the financial statements	775,493	226,283
Professional services	2,679	24,281
Total	778,172	250,564

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 3,578,943 (2019: EUR 1,774,499).

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

	2020	2019
	EUR	EUR
Debtors	202,125	8,079,137
Corporate income tax advance	-	10,475,705
Corporate income tax liability	-	(1,720,699)
Other tax assets/(liabilities)	202,125	(675,869)
Creditors due in less than one year	(992,382)	
Corporate income tax advance	2,434,055	-
Corporate income tax liability	(3,427,243)	-
Other tax liabilities	-	-

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:

	2020	2019
	EUR	EUR
Profit before tax	20,823,549	8,747,297
Profit multiplied by the standard rate of 19%	(3,956,474)	(1,661,986)
Effects of:		
Tax reduction/(expense) relating to prior year	331,634	(255,925)
Timing differences on which deferred tax has not been recognised	-	-
Withholding tax on interest income	(1,613)	-
Other items	47,510	143,412
Tax expense in the income statement	(3,578,943)	(1,774,499)

NOTE 12 – INTANGIBLE ASSETS

	Licensed & acquired technologies EUR	Own Crypto currencies EUR	Total EUR
Acquisition cost			
As at 1 January 2020	2,120,627	4,416,165	6,536,792
Additions	-	1,695,165	1,695,165
Disposals	(1,800)	-	(1,800)
As at 31 December 2020	2,118,827	6,111,330	8,230,157
Accumulated amortisation			
As at 1 January 2020	(166,674)	-	(166,674)
Charge for the year	(327,885)	-	(327,885)
As at 31 December 2020	(494,559)	-	(494,559)
Impairment			
As at 1 January 2020	-	(1,789,655)	(1,789,655)
Charge for the year	-	(8,243)	(8,243)
As at 31 December 2020	-	(1,797,898)	(1,797,898)
Carrying amount			
As at 1 January 2020	1,953,953	2,626,510	4,580,463
As at 31 December 2020	1,624,268	4,313,432	5,937,700

As at 31 December 2020 the fair market value of own cryptocurrencies amounts to EUR 16,509,402.

NOTE 13 – TANGIBLE ASSETS

	Computers & office equipment EUR	Furniture & fixtures EUR	Total EUR
Acquisition cost			
As at 1 January 2020	1,519,688	248,261	1,767,949
Additions	9,321	-	9,321
Disposals	(15,683)	(2,246)	(17,929)
As at 31 December 2020	1,513,326	246,015	1,759,341
Depreciation			
As at 1 January 2020	(763,739)	(102,632)	(866,371)
Charge for the year	(297,781)	(61,055)	(358,836)
Depreciation on Disposals	788	-	788
As at 31 December 2020	(1,060,732)	(163,687)	(1,224,419)
Carrying amount			
As at 1 January 2020	755,949	145,629	901,578
As at 31 December 2020	452,594	82,328	534,922

NOTE 14 – INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Total EUR
Cost or valuation	
As at 1 January 2020	12,867,506
Additions	19,058,612
Disposals	-
As at 31 December 2020	31,926,118

Of the additional investment during the year, EUR 8,298,943 relates to Bitstamp Europe SA. The amount is the contribution in kind settlement of the gross value of the sale of part of the client portfolio. The sale to Bitstamp Europe SA is reflected as Other comprehensive income, which is a net amount of EUR 6,722,144, after deduction of associated income taxes.

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	
			2020	2019
Bitstamp USA, Inc.	27 Union Square West NY, NY 10003, U.S.A.	Ordinary shares	100%	100%
Bitstamp Europe SA	21-25 allée Scheffer, L-2520, 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%	-
Bitstamp Services d.o.o.	2 Dalmatinova ulica, 1000 Ljubljana, Slovenia	Ordinary shares	100%	-

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.

NOTE 15 – DEBTORS

	2020	2019
	EUR	EUR
Intercompany debtors	74,325,525	39,908,064
Other debtors	6,633,433	14,602,907
Trade debtors	54,428	338
Total	81,013,386	54,510,499

Included in the Intercompany debtors are receivables from Bitstamp Europe S.A. and Bitstamp USA Inc. that relate to outstanding trading balances, whereby the customers registered with the Company and Bitstamp Europe S.A. and Bitstamp USA Inc. trade between each other. These balances directly relate to client liabilities and amount to EUR 72,754,357 (2019: EUR 37,354,456).

Included in Other debtors is Corporate Income tax advance amounting to EUR Nil (2019: EUR 10,855,275), an estimated VAT refund of EUR 3,433,302 (2019: EUR 1,908,106) and the remainder mostly relates to prepaid expenses.

NOTE 16 – CASH AND CASH EQUIVALENTS

	2020	2019
	EUR	EUR
Restricted client cash (Note 17)	591,266,309	495,925,377
Cash at bank and in hand	38,843,349	22,010,512
Collateral deposits	703,132	3,574,635
Total	630,812,790	521,510,524

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

	2020	2019
	EUR	EUR
Client liabilities	663,305,573	534,998,475
Trade creditors	2,686,714	1,438,138
Other creditors	2,477,867	427,433
Intercompany creditors	1,960,551	2,355,289
Tax Liability (Note 11)	993,189	-
Total	671,423,894	539,219,335

Intercompany creditors relate to intercompany recharges from other Group entities for services rendered on behalf of the Company.

Other creditors includes an amount of EUR 1,381,673 (2019: EUR Nil) relating to a claim against the Company which was settled in April 2021.

As of 31 December 2020, the reconciliation between restricted cash and client liabilities is as follows:

	2020	2019
	EUR	EUR
Intercompany debtors	72,754,357	37,354,456
Restricted client cash (Note 16)	591,266,309	495,925,377
Other receivables	689,282	1,752,849
Client liabilities	(663,305,573)	(534,998,475)
Unrestricted company cash not swept at year-end	1,404,375	34,207

Included in the intercompany debtors are receivables from Bitstamp Europe S.A. and Bitstamp USA Inc that relate to an outstanding trading balance, whereby the customers registered with the Company and Bitstamp Europe S.A. and Bitstamp USA Inc. trade between each other.

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 1,427,344 (2019: EUR 1,559,100) and a client cash account amounting to EUR 793,072 (2019: EUR 866,279). 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 2020 amounts to EUR 1,745 and is shown split by class of shares as follows:

	No.	2020 £
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

The allotted, called up and fully paid shares as at 31 December 2019 amounts to EUR 1,745 and is shown split by class of shares as follows:

	No.	2019 £
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

NOTE 20 – RELATED PARTIES

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

	2020	2019
	EUR	EUR
Other income	6,113,284	-
Bitstamp Europe S.A.	3,072,322	-
Bitstamp USA Inc.	3,040,962	-
Administrative expenses	21,756,816	20,034,021
Bitstamp Europe S.A.	5,095,342	4,586,412
Bitstamp d.o.o.	12,315,839	15,020,853
Bitstamp Services d.o.o.	3,131,962	-
Bitstamp USA Inc.	786,673	-
Bitstamp Holdings N.V.	427,000	426,756
Intercompany debtors	74,307,900	39,908,064
Bitstamp USA, Inc.	46,526,024	521,975
Bitstamp Europe S.A.	27,774,992	39,354,456
Bitstamp d.o.o.	1,872,285	31,633
Bitstamp Services d.o.o.	723	-
Bitstamp Asia Pte Ltd.	1,153	-
Intercompany creditors	2,135,551	2,530,189
Bitstamp USA, Inc.	344,892	-
Bitstamp Europe S.A.	400,974	339,587
Bitstamp d.o.o.	-	2,015,702
Bitstamp Services d.o.o.	3,081,962	-
Bitstamp Holdings N.V.	175,000	174,900

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 relating to Bitstamp USA Inc, is the sale of part of the client portfolio amounting to a total of EUR 2,529,553. The sale of part of the client portfolio to Bitstamp Europe SA is reflected as Other comprehensive income as the transaction was treated as additional investment in Bitstamp Europe SA. The sale value was EUR 8,298,943, which was EUR 6,722,144 net of associated income taxes.

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. The transactions with Bitstamp N.V., the Company's majority shareholder, relate to a management fee.

NOTE 20 – RELATED PARTIES – CONTINUED

Board and Supervisory Board Members

The Board of Directors consists of three members who serve without direct remuneration and one independent director who serves with remuneration. The Company paid EUR 211,340 in directors' fees during 2020 (2019: EUR 14,885). 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 2020 the off-balance sheet commitments relating to cryptocurrencies held by the Company on behalf of its customers amounted to EUR 1,717,543,364 (2019: EUR 1,101,807,639).

On 31 December 2020 the off-balance sheet commitments relating to cryptocurrencies held by Bitstamp Ltd and its subsidiaries on behalf of its customers amount to EUR 3,258,000,808 (2019: EUR 1,194,426,651).

NOTE 22 – CONTINGENT LIABILITIES

During 2018 a financial institution introduced a claim for a total amount of EUR 3,930,000 (of which EUR 2,425,379 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 2021, the Board of Directors approved an increase in the investment in the Company's subsidiary, Bitstamp Asia Pte Ltd of SGD 1,300,000 by way purchase of 1,300,000 new shares.

On 18 March 2021, the Board of Directors approved an increase in the investment in the Company's subsidiary, Bitstamp USA Inc. of USD 10,000,000 by way of a capital injection.

On 12 May 2021, the Board of Directors approved an increase in the investment in the Company's subsidiary, Bitstamp USA Inc. of USD 8,000,000 by way of a capital injection.

On 15 March 2021, Julian Sawyer took up his duties as the newly appointed CEO.

On 19th April 2021, the Company settled the case with a former client in the sum of EUR 1,381,673. The amount was fully provided for as at 31 December 2020.