

Q2 Report Now Available



Announcement

SMART VALOR AG, Switzerland

31 August 2022

SMART VALOR releases Q2 shareholder report – cites steady growth amidst difficult market conditions

SMART VALOR AG (“SMART VALOR” or the “Company”), the digital asset exchange from Switzerland releases today its full second quarter report. The document is available on our Investor Relations page [here](#) and can be accessed by the public.

SMART VALOR today is the only crypto platform from Switzerland that offers a fully integrated product suite covering all stages of a customer’s crypto investor journey. Both beginners and advanced traders enjoy our service offering, accompanied by live customer support in local languages and strengthened by our focus on trust, security and compliance.

Main highlights:

- Reporting an exponential growth of +47% in registered users
- Partnership with Enable Banking
- Strengthened B2B offering with integration of Dukascopy bank
- Building out team and hiring of key roles in the company
- Transaction volume stable at CHF 33 million

Financials:

The second quarter of 2022 (compared to the second quarter of 2021):

- Revenues decreased to CHF 0.8 million (CHF 2.1 million)
- EBITDA amounted to CHF -1.2 million (CHF 0.2 million)
- Net loss for the period was CHF -1.6 million (net profit of CHF 0.3 million)
- Earnings per share pre-dilution amounted to CHF -0.13 (CHF 0.03)
- Earnings per share post-dilution amounted to CHF -0.11 (CHF 0.03)

The first half of 2022 (compared to the first half of 2021):

- Revenues decreased to CHF 3.3 million (CHF 5.4 million)
- EBITDA amounted to CHF -0.6 million (CHF 2.2 million)
- Net loss for the period was CHF -1.5 million (net profit of CHF 0.7 million)
- Earnings per share pre-dilution amounted to CHF -0.12 (CHF 0.06)
- Earnings per share post-dilution amounted to CHF -0.10 (CHF 0.06)

Excerpt from Founder’s Letter by Olga Feldmeier, Board Chair of SMART VALOR:

“Dear fellow stakeholders,

The second quarter of 2022 in crypto was not an easy time. Despite difficult market conditions, SMART VALOR continued to grow in terms of customers and team size. However, strong crypto devaluation impacted our financial results. We remain strongly convinced that every crisis is also an opportunity and now is the right time to build.

In Q2, the market capitalization of top 30 crypto assets lost over 50% of its value, falling below \$1 trillion. The expected turn of the crypto market 4-year-cycle coincided with the beginning of the Ukraine war and global downturn of stock markets. Dramatic market moves placed many companies under pressure and even led to the collapse of seemingly established players such as Voyager, Blockfi, Celsius, Three Arrow Capital, Nuri and others. The contagion risk broke out like a fire. In retrospect, one can say that Q2 of 2022 was one of the hardest survival tests of the crypto industry companies to date.

Despite this tough environment, SMART VALOR continued to significantly grow its customers base and team. The registered user base almost doubled in Q2, growing by an impressive 47%, from 38,923 at the end of Q1 2021 to 57,101 in Q2 2022. On the transaction volume side, we managed to maintain previously achieved level of CHF 33 million, outperforming the overall market, which came down 20% in BTC-EUR spot transaction volume of top tier exchanges, which we use as a proxy for European market.

***On the B2B side,** we successfully completed the technical implementation to connect our exchange with Swiss bank Dukascopy. This gave clients of Dukascopy the possibility to buy, sell and trade digital assets on SMART VALOR in an easy and secure way, directly from their bank account. We see this case as highly important as it marks our first banking client and the beginning of our B2B journey. According to a recent study by Ripple, around 76% of financial institutions and businesses will switch to using digital assets within the next three years. This is the trend we are set to capitalize on. We are currently using the down-market time to further build out our exchange infrastructure, to make it more scalable and easier to deploy for large partner integrations.*

Whereas we withstood the market trend with positive customer and team growth, on the financial side the market crisis left an impact. Revenues in Q2 were 66% lower than they were in the previous quarter. The operating result (EBITDA) was CHF -1.2 million. On the cost side, we continue to stay lean and highly efficient with an average monthly operating expense of CHF 0.6 million.

For those who've been in the crypto business for long enough, going through the deep devaluation of the current phase of the market cycle in nothing unusual. As bad conditions push some players to drop out, good hiring opportunities emerge, allowing survivors to re-focus on preparation for the next market upturn, in terms of building out the core product and hiring good teams. The down market provides an excellent opportunity to focus on building out our core product proposition and preparing for the next bull market phase. The product roadmap for the remainder of the year includes new staking offerings and additional listings, an easy-to-use retail exchange app and further shift to a more scalable infrastructure while intensifying the work on long-term B2B partnerships with fintechs and banks.

On the regulatory side, having received regulatory approvals as Patient Zero in our home jurisdiction was a big achievement. Following through not only on compliance but on specifically challenging aspects of crypto compliance is another achievement worth noting. With tougher regulation, the times of thriving unregulated, off-shore exchanges providing services in the EU will be over soon. This will level off the playing field for compliant, local players such as SMART VALOR.

On the technical security side, we invested heavily in security measures and have been working hard on preventing vulnerabilities and hacks. The SMART VALOR exchange and custody has never been compromised. Looking at the history of crypto exchanges around the world, this is something that cannot be taken for granted.

On the product side, we built trust with our customers by being conservative with our service offering. We have never offered leveraged trading, nor derivatives or speculative yield products. We are highly selective with crypto assets available on our platform and don't offer paid listings. This is why we managed to steer clear from any disastrous events of the quarter. For example: Terra was not listed on SMART VALOR and we did not offer yield products from Celsius or any other yield or lending platforms.

On the governance side, one of our bigger recent investments in trust was listing on Nasdaq First North. Satisfying high requirements of the largest global exchange for tech companies such as board and governance requirements, transparency requirements, quarterly reports, audited financial statements, anti-market abuse regulation and disclosure requirements is clearly a challenging task for a young organization like SMART VALOR. Yet, we did this step as an investment in trust and are fully committed to fulfilling all obligations connected to it.

Establishing trust is a long-term investment which will pay off over time and cement our position as one of the most trusted players in Europe. On this note, let us close this letter and I thank you all again for your trust and continued support."

This information is information that SMART VALOR is obliged to make public pursuant to the EU Market Abuse Regulation (596/2014). The information in this press release has been published through the agency of the contact persons set out below, at 18.45 CEST on 31 August 2022.

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About SMART VALOR

SMART VALOR is a Swiss company that became the first European digital asset exchange listed on Nasdaq First North. The company's mission is to provide a trusted gateway to blockchain technology for investors and institutions. On the B2C side, it operates a retail digital asset exchange, custody, and asset management. On the B2B side, the company works with banks and fintech companies offering its technology as a white-label Crypto-as-a-Service solution. SMART VALOR was one of the first crypto companies to receive financial intermediary status in Switzerland and to be registered as an exchange and token custodian under the Blockchain Act of Liechtenstein.