

Announcement

SMART VALOR AG, Switzerland

31 August 2023

Correction: SMART VALOR publishes the company's Q2 Statements 2023

The press release from 30 August 2023 accidentally did not have the quarterly report attached. The report is now included as a PDF attachment.

SMART VALOR AG ("SMART VALOR" or the "Company"), the digital asset exchange from Switzerland releases its Q2 Statements 2023. The report is available in English on the company's website.

Q2 2023 witnessed a continuation of positive trends in the global digital assets market. Following robust growth in Q1, the market cap surged from \$831.8 billion to \$1.2 trillion by June 30. Bitcoin's 72 percent gain and the 48.9 percent expansion in the global crypto market cap added a collective value of \$406 billion quarter-on-quarter.

Key Milestones

- **Strategic B2B Partnerships:** Building on its commitment to accessibility, SMART VALOR entered a partnership with SweePay in Q1, picking up significant traction in Q2. This collaboration allowed over 1.25 million daily commuters on the Swiss national railway (SBB) network to conveniently purchase Bitcoin, enhancing cryptocurrency adoption in Switzerland.
- **Innovation and Product Development:** The company remained focused on innovation, preparing for the launch of the SMART VALOR app and further expanding its product offerings. These initiatives aimed to empower users with seamless access to digital assets and advanced trading capabilities.

Financial Performance

In Q2 2023, SMART VALOR demonstrated its commitment to financial sustainability and growth. While revenues decreased, reflecting strategic adjustments in response to market dynamics, EBITDA improved to CHF -0.4 million, showcasing the company's resilience and prudent financial management. In addition, the net loss of the Company for Q2 2023 decreased to CHF -0.7 million from CHF -1.6 million during Q2 2022, a testament to SMART VALOR's ability to adapt to challenging market conditions. Financial highlights comparing both the quarter and first half of the year to the prior year follow.

The second quarter of 2023 (compared to the second quarter of 2022):

- Revenues decreased to CHF 0.3 million (CHF 0.8 million)
- EBITDA improved to CHF -0.4 million (CHF -1.2 million)

- Net loss for the period decreased to CHF -0.7 million (CHF -1.6 million)
- Earnings per share pre-dilution amounted to CHF -0.05 (CHF -0.13)
- Earnings per share post-dilution amounted to CHF -0.05 (CHF -0.13)

The first half of 2023 (compared to the first half of 2022):

- Revenues decreased to CHF 0.8 million (CHF 3.3 million)
- EBITDA decreased to CHF -0.7 million (CHF -0.6 million)
- Net loss for the period improved to CHF -1.4 million (CHF -1.5 million)
- Earnings per share pre-dilution stayed flat at CHF -0.12 (CHF -0.12)
- Earnings per share post-dilution amounted to CHF -0.09 (CHF -0.12)

Further developments

SMART VALOR's commitment to continuous growth and innovation remained evident in its product developments and offerings:

- The launch of the SMART VALOR app on Android and iOS marked a significant milestone, providing users with enhanced access to digital assets and an intuitive trading experience.
- Q2 witnessed the addition of new assets on the exchange, including the native tokens of the Optimism protocol (OP), the Algorand ecosystem (ALGO), and the Quant project (QNT), enriching the diversity of investment options for users.
- Staking services played a pivotal role in company development, with the introduction of Cardano staking, allowing customers to earn up to 5% p.a. by staking their Cardano assets.

A Message from Board Chairman Olga Feldmeier:

“Q2 of this year brought with it both sides of the continuum: the positive and the negative. The negative was the overall crypto market development. While the price of Bitcoin rose from \$28,500 to \$30,500, trading activity suffered a sharp fall. Our transaction numbers on the retail side of the business could not escape this trend. On a positive note, this situation called for a new approach in terms of assets available on the SMART VALOR platform, along with opportunity to rethink the way they are both delivered and serviced.

Momentum from earlier in the year slowed in Q2 due to interest rate hikes and a general tightening of fiscal policy around the world. During Q2 2023, global trading volume collapsed. In our relevant European market, the total volume went down 78% from EUR 38.8tr to EUR 8.3tr.

The number of transactions on the exchange grew by 79% in comparison to the previous quarter, reaching a total of 20,716. This positive development was backed by the stability of transactions executed via our partners on Swiss Federal Railways (SBB) ticket machines. However, the size of both deposits and transactions decreased. The transaction volume for Q2 stood at CHF 8m, which is 60%

lower than the previous quarter.

On the operational side, Q2 saw the careful preparation and completion of two audits: an AML audit of the exchange in Liechtenstein and full financial audit of the Smart Valor AG Switzerland group. Both audits were conducted successfully, and the results were published both on the website and in the annual report.

Product development highlights for the quarter are as follows:

- *Integration and go-live of the new custody tech stack in partnership with Fireblocks*
- *Development and go-live of fiat-to-crypto and crypto-to-crypto trading via the mobile app and approval of the iOS version of the app in Switzerland and Germany*
- *Technical upgrade of our offering at Swiss Federal Railway ticket machines with SweePay/SBB*

On the strategic side, we started work on two initiatives. The first is preparing the exchange to embrace the EU DLT Pilot Regime, offering trading not only for digital assets but also tokenized securities.

The second is a conceptualization of an AI-supported tool that will allow users to collect and use available on and off-chain data, reports and social media content to help make better informed, simpler trades.

Throughout the quarter, we also continued developing our B2B offering that now includes a full suite of banking services, delivered by our Swiss banking partner Dukascopy. In Q2, we went from working out our commercial terms and go-to-market strategy, to launching on our website and onboarding customers.

Overall, I am particularly happy to see that, despite the difficult market environment, we continue to draw inspiration from cutting-edge technology and find our own unique way to build and grow.”

For additional information, please contact

Olga Feldmeier, Chairman of the board and Co-founder

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Certified Adviser

Mangold Fondkommission AB is acting as the Company’s Certified Adviser.

The Q2 Statements 2023 and further information are available at

<https://smartvalor.com/en/investor-relations>

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.