

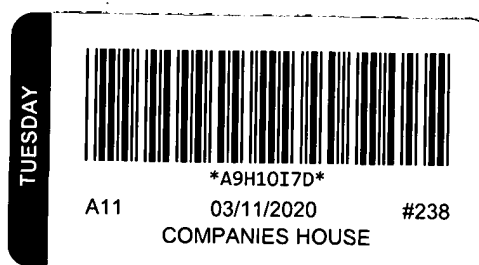
Bitstamp

Bitstamp Ltd

Annual Report and

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2019



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

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
Silvergate 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 2019.

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 and USD,
Ripple ("XRP") vs EUR, USD and BTC,
Litecoin ("LTC") vs EUR, USD and BTC,
Ethereum ("ETH") vs EUR, USD and BTC,
Bitcoin Cash ("BCH") vs EUR, USD and BTC.

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 2019 the Company's revenue amounted to EUR 51,111,708 compared to EUR 106,889,297 in the previous year. The decrease in revenue is mainly driven by a decrease in trading volumes during the first quarter of 2019 linked to the lower demand of customers in the trading of cryptocurrencies. Trading volume started to increase in April and continued its growth until July. From August until the year end the trading volumes have declined again. Cost of sales during the year under report amounted to EUR 7,469,303 (2018: EUR 17,082,182). The administrative expenses amount to EUR 37,770,275 compared to EUR 37,927,444 in 2018 and remain stable.

The Company's total assets reduced from EUR 870,346,318 in the previous year to EUR 594,370,570 in 2019. This is mainly driven by the lower trading volumes during the first and last quarters of 2019. The lower trading volumes are also the main driver of lower balances of 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 decrease in the Company's own cash balance from EUR 93,642,600 in 2018 to EUR 22,010,512 is explained by a dividend distribution in October 2019 amounting to EUR 53,908,966 and a capital injection of USD 7,500,000 to its subsidiary, Bitstamp USA, Inc. The Company holds a portfolio of cryptocurrencies on behalf of its customers amounting to EUR 1,101,807,639 (2018: EUR 811,219,437).

Strategic report (continued)

KEY PERFORMANCE INDICATORS

As of 31 December 2019, 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. 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 its client portfolio to its subsidiaries, Bitstamp Europe S.A. (which holds a Payment Institution license in Luxembourg) and Bitstamp USA, Inc. (which holds a BitLicense 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 will migrate its client portfolio to these subsidiaries in the course of 2020 and 2021. Following this migration and during 2021, the Company will cease its operations, will transfer its corporate assets to other Group entities and will settle its corporate liabilities. On completion of that process the management intends to liquidate the Company. Taking into consideration the management intention to liquidate, these financial statements have therefore been prepared on a basis other than going concern.

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

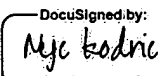
The Company is exposed to limited interest rate fluctuations. This is due to the fact that the financing is done in the form of equity from the shareholders. The Company has no long-term loans with fixed or variable rates.

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 until the liquidation process is concluded 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.

28/10/2020
Approved by the Board on and signed on its behalf by:

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Nejc Kodrič
Director

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2019.

DIRECTORS OF THE COMPANY

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

Nejc Kodrič

Jong Hyun Hong

Hendrik Ghys

OBJECTIVES AND POLICIES

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

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.

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.

Cryptocurrencies price 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.

Directors' Report (continued)

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

Liquidity & Cash flow risk

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

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

POST BALANCE SHEET EVENTS

On 5th February 2020 the Board of Directors approved an increase in the investment in the Company's subsidiary, Bitstamp USA Inc. of USD 7,500,000 by way of a capital injection.

On 16th June 2020 the Company incorporated a subsidiary, Bitstamp Asia Pte Ltd, in Singapore. The new subsidiary has applied for a regulatory licence with Singapore Monetary Authority.

On 3 June 2020, Nejc Kodrič submitted his resignation as CEO of Bitstamp Ltd. On 7 July 2020 the Board resolved to have Nejc Kodrič continue to hold the title of CEO until the starting date of his successor while delegating daily responsibilities to David Osojnik, designated as acting CEO, during the transition period. Julian Sawyer was appointed as the new CEO of Bitstamp Ltd Group and started in his duties on 19th October 2020.

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.

Directors' Report (continued)

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.

Client Migration

The Company started to migrate a portfolio of its clients to its subsidiaries, Bitstamp USA Inc and Bitstamp Europe S.A. during the first half of 2020.

GOING CONCERN

The Company's Directors have approved the Bitstamp Group restructuring, in course of which the Company will be liquidated. The Company's financial statements have therefore been prepared on a basis other than going concern. The Company's management reviewed the following assets and liabilities of the Company in order to ensure that they are valued on a basis other than going concern:

- Tangible and intangible assets will be transferred to other Group companies at their net book value
- Own crypto currencies are valued at the lower of cost or market basis and will not be marked up to fair market values
- Investments in subsidiaries will be transferred to other Group companies at their net book value
- Debtors were either settled in early 2020 or are expected to be settled
- Creditors were either settled in early 2020 or are expected to be settled. A provision for costs related to the winding up of the Company was made.

DISCLOSURE OF INFORMATION TO THE AUDITORS

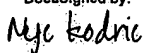
Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and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

28/10/2020

Approved by the Board on 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. For the reasons stated in the Directors' Report and Note 2 a), the financial statements have not been prepared on a going concern basis.

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; and the company's reputation.

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. Mary Beth Buchanan as the

Group's Chief Legal Officer has been appointed by the board of directors of the Company as company secretary to warrant that all decision-making by the board are recorded according to the application legal requirements and standards. 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.

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.

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

Independent auditor's report to the members of Bitstamp Ltd

Opinion

We have audited the financial statements of Bitstamp Limited for the year ended 31 December 2019 which comprise Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity, Statement of cash flows, and the related notes 1 to 22, 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 2019 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 below. 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.

Emphasis of matter –financial statement prepared on a basis other than going concern

We draw attention to note 2(a) to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 2(a). 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 2 to 9, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

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

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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 page 9, 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.

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

Auditor's responsibilities for the audit of the financial statements

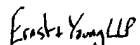
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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.


30th October 2020

Simon Ludlam (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
XX October 2020

Profit & Loss Account

For the year ended 31 December 2019

	Note	2019 EUR	2018 EUR
Revenue	3	51,111,708	106,889,297
Other income	4	103,217	504,940
Total turnover		53,641,818	107,394,237
Cost of sales	5	(7,469,303)	(17,082,182)
Gross profit		46,172,515	90,312,055
Administrative expenses	6	(37,770,275)	(37,927,444)
Operating profit		5,975,347	52,384,611
Other interest receivable and similar income	7	7,093,656	7,105,059
Interest payable and similar expenses	8	(4,321,708)	(973,541)
		2,771,948	6,131,518
Profit before tax		8,747,295	58,516,129
Taxation	11	(1,774,499)	(10,593,986)
Profit for the financial year		6,972,796	47,922,143

The above results were derived from continuing operations

The Company has not recognised gains or losses for the year other than the results above.

Accompanying notes on pages 19-37 constitute an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 EUR	2018 EUR
Profit for the year		6,972,796	47,922,143
Total comprehensive income for the year		6,972,796	47,922,143

Accompanying notes on pages 19-37 constitute an integral part of these financial statements.

Balance Sheet

For the year ended 31 December 2019

ASSETS	Note	2019 EUR	2018 EUR
Fixed assets			
Intangible assets	12	4,580,463	1,920,402
Tangible assets	13	901,578	1,132,136
Investments	14	12,867,506	6,100,000
Total Fixed assets		18,349,547	9,152,538
Current assets			
Debtors	15	54,510,499	23,345,855
Cash at bank and in hand	16	22,010,512	93,642,600
Restricted cash	16	499,500,012	746,584,950
Total Current assets		576,021,023	863,573,405
Creditors: Amounts falling within one year	17	(541,756,714)	(773,175,917)
Net Current assets		34,264,309	90,397,488
Total assets less current liabilities		52,613,856	99,550,026
Net assets		52,613,856	99,550,026
Capital & reserves			
Called up share capital	18	(1,745)	(1,745)
Share premium reserve		(8,451,063)	(8,451,063)
Profit & Loss Account		(44,161,048)	(91,097,218)
Total Equity		(52,613,856)	(99,550,026)

Accompanying notes on pages 19-37 constitute an integral part of these financial statements.

Approved and authorised by the Board on 28 October 2020 and signed on its behalf by:

DocuSigned by:

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Nejc Kodrič

Director

Date of signing: 28 October 2020

Statement of Change in Equity

For the year ended 31 December 2019

	Share Capital	Share Premium	Profit & Loss Account	Total
	EUR	EUR	EUR	EUR
As at January 1, 2018	1,745	8,451,063	43,175,075	51,627,883
Profit for the year	-	-	47,922,143	47,922,143
Total comprehensive income	-	-	47,922,143	47,922,143
As at December 31, 2018	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

Accompanying notes on pages 19-37 constitute an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2019

	Note	2019 EUR	2018 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		6,972,796	47,922,143
Adjustments to cash flows from non-cash items			
Depreciation on tangible assets	13	340,053	224,955
Amortisation of intangible assets	12	104,931	58,955
Net impairment of intangible assets	12	(538,622)	2,328,277
True up adjustment of intangible assets	12	975,335	-
Loss on disposal		-	1,646,693
Unrealised net foreign exchange differences	7,8	1,404,720	(1,511,950)
Income tax expense	11	1,774,499	10,593,986
		11,033,712	61,263,060
Working capital adjustments			
Decrease/(increase) in trade debtors	15	(23,085,508)	59,414,521
(Decrease)/increase in trade creditors	17	(228,188,335)	(803,842,769)
Cash generated from operations		(240,240,131)	(683,165,188)
Income taxes paid		(13,084,504)	(28,581,161)
Net cash flow from operating activities		(253,324,635)	(711,746,349)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	14	(6,767,506)	(4,100,000)
Acquisition of tangible assets	13	(109,495)	(1,034,376)
Acquisition of intangible assets	12	(3,201,705)	(4,114,049)
Proceeds from sale of intangible assets	12	-	3,712,699
Net cash flows from investing activities		(10,078,706)	(5,535,726)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(53,908,966)	-
Net cash provided by financing activities		(53,908,966)	-
Net decrease/(increase) in cash and cash equivalents		(317,312,307)	(717,282,075)
Net foreign exchange difference		(1,404,720)	1,511,950
Cash & cash equivalents at 1 January		840,227,550	1,555,997,675
Cash & cash equivalents at 31 December		521,510,523	840,227,550

Accompanying notes on pages 19-37 constitute an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

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 28 October 2020.

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.

The Company's Directors have approved the Bitstamp Group restructuring process, in course of which the Company will be liquidated. The Company's financial statements "have been prepared on a basis other than going concern. The Company's management reviewed its Balance Sheet, no adjustments have been made to the carrying values of its assets and liabilities. A provision for costs related to winding up of the Company has been made.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

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 S398 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.

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

The company recognises revenue when:

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

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

f) Tax

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

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

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

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

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

g) Intangible assets

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

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

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

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

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

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)

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

h) Tangible assets

Tangible assets comprise computers & and 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 reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Profit or Loss Account.

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

k) Cryptocurrencies held on behalf of third parties

Cryptocurrencies held by the Company through external custodians on behalf of its customers are recognised by the Company as off-balance sheet commitments as the Company determined it has neither responsibility nor obligations as well as 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.

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

NOTE 2 - ACCOUNTING POLICIES (CONTINUED)

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 remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, 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. 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 2019, 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:

	2019 EUR	2018 EUR
Transaction processing fees	46,659,239	93,840,024
Deposits and withdrawals fee income	2,821,132	8,561,127
Service fee income	1,500,802	2,320,493
Other fees	130,535	2,167,653
Total	51,111,708	106,889,297

NOTE 4 – OTHER INCOME

During 2019 other income amounted to EUR 103,217 (2018: EUR 504,940) and includes various recharges of services to Group companies as well as VAT refunds in 2018.

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:

	2019 EUR	2018 EUR
Financial transactions tax	4,652,608	9,225,246
Cryptocurrency charges	1,900,644	3,940,430
Bank charges	916,051	3,916,506
Total	7,469,303	17,082,182

NOTE 6 – ADMINISTRATIVE EXPENSES

Administrative expenses for the financial years 2019 and 2018 can be split as follows.

	2019	2018
	EUR	EUR
Intercompany services	19,607,266	11,130,880
Information technology	7,908,751	6,157,319
Staff & subcontractors	4,618,133	5,984,248
Audit & consultancy	3,337,330	1,860,439
Travel & representation	970,105	943,035
Premises	656,830	1,120,770
Marketing	607,721	645,008
Depreciation & amortisation expense	444,984	283,910
Other administrative expenses	612,643	1,155,700
Loss on disposal of Intangible assets	-	1,646,693
Provisions for litigation expenses	-	2,379,625
Reversal of/Impairment of Intangible assets	(538,622)	2,328,277
VAT (refund)/expense	(454,866)	2,291,540
Total	37,770,275	37,927,444

NOTE 7 - OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	EUR	EUR
Interest income on bank deposits	6,668,733	5,341,796
Realised foreign exchange gains	351,093	251,313
Unrealised foreign exchange gains	73,830	1,511,950
Total	7,093,656	7,105,059

As of 31 December 2019, 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

	2019	2018
	EUR	EUR
Realised foreign exchange loss	2,169,979	-
Unrealised foreign exchange loss	1,478,550	-
Interest expense on bank balances	673,179	973,542
Total	4,321,708	973,542

NOTE 9 - REMUNERATION

The aggregate payroll costs were as follows:

	2019	2018
	EUR	EUR
Wages & salaries, including social security	763,465	580,044
Total	763,465	580,044

NOTE 10 - AUDITORS' REMUNERATION

	2019	2018
	EUR	EUR
Audit of the financial statements	226,283	384,889
Professional services	24,281	-
Total	250,564	384,889

During financial year 2019 EUR 65,842 was recognised in relation to the audit of 2018 Financial Statements.

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 1,774,499 (2018: EUR 10,593,986).

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

	2019 EUR	2018 EUR
Debtors	8,079,137	
Corporate income tax advance	10,475,705	
Corporate income tax liability	(1,720,699)	
Other tax liabilities	(675,869)	
Creditors due in less than one year		(3,230,868)
Corporate income tax advance		10,855,275
Corporate income tax liability		(13,891,752)
Other tax liabilities		(194,391)

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:

	2019 EUR	2018 EUR
Profit before tax	8,747,297	58,516,129
Profit multiplied by the standard rate of 19%	(1,661,986)	(11,118,064)
Effects of:		
Tax expense relating to prior year	(255,925)	-
Timing differences on which deferred tax has not been recognised	-	287,270
Other items	143,412	236,808
Tax expense in the income statement	(1,774,499)	(10,593,986)

NOTE 12 – INTANGIBLE ASSETS

	Licenced & acquired technologies EUR	Own Crypto currencies EUR	Total EUR
Acquisition cost			
As at 1 January 2019	392,762	3,917,660	4,310,422
Additions	1,727,865	1,473,840	3,201,705
True-up adjustment	-	(975,335)	(975,335)
As at 31 December 2019	2,120,627	4,416,165	6,536,792
Accumulated amortisation			
As at 1 January	(61,743)	-	(61,743)
Charge for the year	(104,931)	-	(104,931)
As at 31 December	(166,674)	-	(166,674)
Impairment			
As at 1 January	-	(2,328,277)	(2,328,277)
Charge for the year	-	-	-
True-up adjustment		538,622	538,622
As at 31 December	-	(1,789,655)	(1,789,655)
Carrying amount			
As at 1 January 2019	331,019	1,589,383	1,920,402
As at 31 December 2019	1,953,953	2,626,510	4,580,463

As at 31 December 2019 the fair market value of own crypto currencies amounts to EUR 3,158,988. The true-up adjustment of impairment is recorded in Administrative expenses in the Profit and Loss Account.

NOTE 13 – TANGIBLE ASSETS

	Computers & office equipment EUR	Furniture & fixtures EUR	Total EUR
Acquisition cost			
As at 1 January 2019	1,422,068	236,386	1,658,454
Additions	97,620	11,875	109,495
As at 31 December 2019	1,519,688	248,261	1,767,949
Depreciation			
As at 1 January	(482,359)	(43,959)	(526,318)
Charge for the year	(281,380)	(58,673)	(340,053)
As at 31 December	(763,739)	(102,632)	(866,371)
Carrying amount			
As at 1 January 2019	939,709	192,427	1,132,136
As at 31 December 2019	755,949	145,629	901,578

NOTE 14 – INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Total EUR
Cost or valuation	
As at 1 January 2019	6,100,000
Additions	6,767,506
Disposals	-
As at 31 December 2019	12,867,506

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	
			2019	2018
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%

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.

NOTE 15 – DEBTORS

	2019	2018
	EUR	EUR
Intercompany debtors	39,908,064	20,345,851
Other debtors	14,602,907	2,872,539
Trade debtors	338	127,465
Total	54,510,499	23,345,855

Included in the Intercompany debtors is a receivable from Bitstamp Europe S.A. that is an outstanding trading balance, whereby the customers registered with the Company and Bitstamp Europe S.A. trade between each other. This balance directly relates to client liabilities and amounts to EUR 37,354,456 (2018: EUR 18,595,806).

Included in Other debtors is Corporate Income tax advance amounting to EUR 10,855,275 (2018: EUR 695,509)

Included in Other debtors is a receivable from credit card payment processors and interest related withholding tax receivable on client cash accounts. These balances amount to EUR 994,421 and EUR 758,427 respectively. These balances directly relate to the client assets as per note 17.

NOTE 16 – CASH AND CASH EQUIVALENTS

	2019	2018
	EUR	EUR
Restricted client cash (Note 17)	495,925,377	743,286,256
Cash at bank and in hand	22,010,512	93,642,600
Collateral deposits	3,574,635	3,298,694
Total	521,510,524	840,227,550

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.

NOTE 17 – CREDITORS DUE WITHIN ONE YEAR

	2019	2018
	EUR	EUR
Client liabilities	534,998,475	760,232,420
Other provisions	2,537,379	2,379,625
Intercompany creditors	2,355,289	4,740,051
Trade creditors	1,438,138	1,495,064
Other creditors	427,433	1,097,889
Tax liability (Note 11)	-	3,230,868
Total	541,756,714	773,175,917

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

Other provisions include a provision relating to a corporate cash account amounting to EUR 1,559,100 (2018: EUR 1,529,688) and a client cash account amounting to EUR 866,279 (2018: EUR 849,937). Should the client cash account balance become irrecoverable, the Company will compensate the client account from its corporate cash balances.

As of 31 December 2019, the reconciliation between restricted cash and client liabilities is as follows:

	2019	2018
	EUR	EUR
Intercompany debtors	37,354,456	18,595,806
Restricted client cash (Note 16)	495,925,377	743,286,256
Other receivables	1,752,849	-
Client liabilities	(534,998,475)	(760,232,420)
Unrestricted company cash not swept at year-end	34,207	1,649,642

Included in the intercompany debtors is a receivable from Bitstamp Europe S.A. that is an outstanding trading balance, whereby the customers registered with the Company and Bitstamp Europe S.A. trade between each other.

Other receivables comprise payment processor receivable amounting to EUR 994,421 as well as interest related withholding tax receivable on client cash accounts amounting to EUR 758,427. 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 – ALLOTTED, CALLED UP AND FULLY PAID SHARES

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

The allotted, called up and fully paid shares as at 31 December 2018 amounts to EUR 1,745 and is shown split by class of shares as follows:

	No.	2018 £
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 19 – RELATED PARTIES

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

	2019	2018
	EUR	EUR
Administrative expenses	20,034,021	11,130,880
Bitstamp Europe S.A.	4,586,412	4,683,311
Bitstamp d.o.o.	15,020,853	6,447,569
Bitstamp N.V.	426,756	58,080
Intercompany debtors	39,908,064	20,345,851
Bitstamp USA, Inc.	521,975	-
Bitstamp Europe S.A.	39,354,456	19,317,438
Bitstamp d.o.o.	31,633	1,028,413
Intercompany creditors	2,530,189	4,740,051
Bitstamp USA, Inc.	-	92,026
Bitstamp Europe S.A.	339,587	3,080,753
Bitstamp d.o.o.	2,015,702	1,567,272
Bitstamp N.V.	174,900	-

The balances and transactions relate to services provided to the Company by its subsidiaries in scope of the Service Agreement in place with other group subsidiaries, whose employees continue to support the activities of the Company in addition to its employee as well as outstanding trading balances of the Group entities, whereby the customers registered with the Company and Bitstamp Europe S.A. trade between each other. The transactions with Bitstamp N.V., the Company's majority shareholder, relate to a management fee.

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 14,885 in directors' fees during 2019. 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.

NOTE 20 – 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 2019 the off-balance sheet commitments relating to cryptocurrencies held by the Company on behalf of its customers amounted to EUR 1,101,807,639 (2018: EUR 811,219,437).

On 31 December 2019 the off-balance sheet commitments relating to cryptocurrencies held by Bitstamp Ltd and its subsidiaries on behalf of its customers amount to EUR 1,194,426,651 (2018: EUR 884,315,189).

NOTE 21 – CONTINGENT LIABILITIES

During 2018 the Company received a formal claim from a customer approximating EUR 3 million. On 1st April 2020 the amount of this claim has been reduced to approximately EUR 2 million.

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 these claims, the Management of the Company believes the risk of a cash outflow for the Company is less than probable.

NOTE 22 – SUBSEQUENT EVENTS

On 5th February 2020 the Board of Directors approved an increase in the investment in the Company's subsidiary, Bitstamp USA Inc. amounting to USD 7,500,000 by way of a capital injection.

On 16th June 2020 the Company incorporated a subsidiary, Bitstamp Asia Pte Ltd, in Singapore. The new subsidiary has applied for a regulatory licence with Singapore Monetary Authority.

On 3 June 2020, Nejc Kodrič submitted his resignation as CEO of Bitstamp Ltd. On 7 July 2020 the Board resolved to have Nejc Kodrič continue to hold the title of CEO until the starting date of his successor while delegating daily responsibilities to David Osojnik, designated as acting CEO, during the transition period. Julian Sawyer was appointed as the new CEO of Bitstamp Ltd Group and started in his duties on 19th October 2020.

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.

Client Migration

The Company started to migrate a portfolio of its clients to its subsidiaries, Bitstamp USA Inc and Bitstamp Europe S.A. during the first half of 2020.