

Note

1 Statement of Compliance

The financial statements of Cryptology Asset Group plc have been prepared in accordance with the requirements of IFRS as issued by the IASB and as adopted by the EU. Assets and liabilities are measured at historical cost except for the financial assets where these were measured at fair value through other comprehensive income (FVTOCI) and those at fair value through profit or loss (FVTPL).

The Consolidated Financial Statements have also been prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta).

2 Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all the financial periods presented, unless otherwise stated.

Equity Instruments. *The company elects, on an investment-by-investment, to recognise an equity investment that is not held for trading. Other equity instruments are classified as measured at FVTPL.*

Total gains or losses recognized in OCI are kept within OCI on disposal of an investment.

Equity instruments are classified either as 'held-for-trading' or 'available-for-sale' assets since the latter would be intended to be held for an indefinite period of time.

3 Revenue

Comprising the following:

<i>Sale of cryptocurrencies and tokens</i>	<i>Nil</i>
<i>Sale of held-for-trading investments</i>	<i>15,640,843</i>
<i>Compensation on AuM</i>	<i>2,348,575</i>
<i>Interest earned</i>	<i>568,807</i>
<i>Consultancy Fees</i>	<i>97,500</i>

4 Finance Costs

<i>Interest on loans & borrowings & charges</i>	<i>394,543</i>
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5 Gross Income

Gross income is arrived at after deducting the cost of the sold equity investments that were held for sale.

6 Compensation Benefits of Employees and Directors

Salaries paid for the period	182,947
Director's remuneration	30,000
Director's fees	6,000

7 Earnings per Share

Earnings per share at the reporting date is €5.84 calculated on Operating Net Profit after tax

8 Taxation

No tax is chargeable up till the time of reporting in view of the ' participation exemption holding' tax rule

9 Intangible Assets

These comprise crypto-assets held of €1,422,367 and computer software of €10,613 (vide Note 10 below)

10 Software and Computer Equipment

	<u>Computer-Equipment</u>	<u>Computer Software</u>
Cost as at 1 Jan 21	4,772	46,420
Additions	0	0
Accum. Depreciation & Amort	(2,591)	(35,807)

11 Deferred Taxation

The deferred tax of €369,694 may be fully recognised by 31st December 2021

12 Shares in Subsidiaries

This represents shares held in Cryptology Advisory Limited of 1,199 Ordinary 'A' shares at €1 each, 20% paid-up.

13 Available-for Sale Investments

Quoted Equity measured at FVOCI

Amount as at 1st Jan 21 €184,461,044

<i>Additions and disposals</i>	<i>(486,622)</i>
<i>Fair value movement</i>	<i>2,136,410</i>

Convertible Loan is measured at its original cost as per Note 15

Unquoted Equity measured at FVOCI

<i>Amount as at 1st Jan 21</i>	<i>135,460,817</i>
<i>Additions and disposals</i>	<i>42,147,018</i>
<i>Fair value movement</i>	<i>115,668,307</i>

Asset Under Management

<i>Amount as at 1st Jan 21</i>	<i>6,306,714</i>
<i>Unrealised Exchange difference</i>	<i>(24,612)</i>
<i>Transfer executed on 4th March 2021</i>	<i>(6,282,102)</i>

Total Available for Sale investments 479,386,974

14 Investments held for trading

There were no investments that at time of reporting were intended for sale. This may however change as per decisions that are taken by the Advisory Board.

15 Convertible Loan

Amount falling due in less than 12-months will be converted to equity investments within the current financial year. This amount shall be transferred to 'Available-for Sale investments' once the conversion is exercised.

16 a) Share Capital

<i>Issued, allotted and 100% paid-up as of 1 January 2021</i>	<i>2,732,500</i>
<i>Issued, allotted and 100% paid-up as of 30th June 2021</i>	<i>123,375</i>
<i>Total outstanding shares as of 30th June 2021</i>	<u><i>2,855,875</i></u>

b) Treasury Stock

<i>Held as at 1st January 2021</i>	(31,491)
<i>Re-purchased own shares up to 30th June 2021</i>	(134)
<i>Fully sold up to 30th June 2021</i>	31,625

Total Treasury Stock held as at 30th June 2021 **Nil**

c) Capital Reserves

Capital reserves represent the excess paid by shareholders over the nominal value of the shares at €1 each.

d) Retained Earnings

Being accumulated earnings of operating profits after taxation paid for the financial year up to 30th June 2021 and after adjusting for other comprehensive income

17 Other Payables

These are non-current liabilities made up as following:

<i>Loan advance from third parties which is payable latest by 15th March 2029 or upon sale of shares</i>	€ 6,250,860
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18 Trade and Other Payables

<i>Amount due to related companies</i>	614,995
<i>Taxation</i>	63,133
<i>Accruals</i>	161,314
<i>Trade creditors</i>	567

19 Deferred Payment

Amount due within the current financial year as committed for an equity investment

20 Bank Overdraft

The company holds two overdraft accounts as short-term facilities. These are repayable by end of current financial year. These overdrafts are pledged by the mentioned investments held by the company.

21 **Bank Loan**

The bank loan, which has been granted for the purchase of securities, bears interest based on a three-month Euribor plus 2% per annum. The loan is repayable by 30th December 2023

22 **Retained Earnings**

These represent the accumulated operating profits after taxation and after adjusting for Other Comprehensive Income. The profit is attributable to equity holders.

23 **Fair Value of Financial Instruments**

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3. This is based on the degree to which the inputs to the fair value measurements are observable and the significance of such inputs to the fair value measurement in its entirety.

Level 1 inputs are quoted prices unadjusted in active markets. This can easily be accessed at the measurement date.

Level 2 inputs are inputs that are observable for the asset or liability, whether directly or indirectly. This would include securities using quoted market prices in active markets for similar securities or for identical securities in markets that are considered less active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3 inputs are those for which the valuation technique includes inputs not based on observable data and the unobservable inputs that may have significant effect on the securities' valuation.

Our financials are based on IFRS 13 for fair value measurements. Our valuation of 'fair value' is the price that a financial asset can be sold at in an orderly transaction in a market on that date under market conditions, irrespective as to whether the price is observable on an Exchange or using valuation approach. IFRS 13 does not preclude CAG from using its own collected data where it always obtains financial information directly from the investee to compare the NAV against market value of the market-participant.