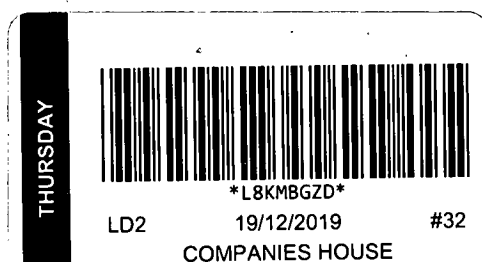


Registration number: 08157033

Bitstamp Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2018



Bitstamp Limited

Contents

Company Information	1
Strategic Report	2 to 4
Directors' Report	5 to 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report	9 to 11
Profit and Loss Account	12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 to 33

Bitstamp Limited
Company Information

Directors

Nejc Kodric
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

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.

Bitstamp Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

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 USD and EUR,
Ripple ("XRP") vs USD, EUR and BTC,
Litecoin ("LTC") vs USD, EUR and BTC,
Ethereum ("ETH") vs USD, EUR and BTC,
Bitcoin Cash ("BCH") vs USD, EUR 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 2018 the Company's revenue amounted to EUR 106,889,297 comparing to EUR 77,470,022 in the previous year. The increase in revenue is mainly driven by an increase in trading volumes during the first two quarters of 2018 linked to the high demand of customers in the trading of cryptocurrencies. Cost of sales during the year under report amounted to EUR 17,082,182 (2017: EUR 17,537,920) demonstrating the management's efforts in obtaining more cost-effective pricing from its partners. The increase in administrative expenses from EUR 8,745,424 in 2017 to EUR 37,927,444 in 2018 mainly reflects the increase in the Company's staff and contractor costs, information technology costs as well as intercompany recharges from other Group companies (mainly recharge of staff costs).

The Company's total assets reduced from EUR 1,646,633,743 in the previous year to EUR 870,346,318 in 2018. This is mainly driven by the reduction in trading volumes during the second half of 2018. 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. This was partially offset by an increase in the Company's own cash balance which increased from EUR 21,875,844 in 2017 to EUR 86,212,801. The Company holds a portfolio of cryptocurrencies on behalf of its customers amounting to EUR 811,219,437 (2017: EUR 3,102,526,176).

Bitstamp Limited

Strategic Report for the Year Ended 31 December 2018

Key Performance Indicators

As of 31 December 2018, 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 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.

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.

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.

Bitstamp Limited

Strategic Report for the Year Ended 31 December 2018

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 legal entities comprising 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 as a going concern in order to provide further growth for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

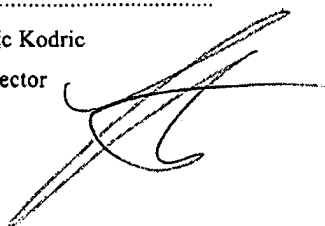
The Company's management proposes to the owners (through the Board) of the Company to adopt changes in the Company's equity capital in order to optimize the capital structure of the Company.

Approved by the Board on 17.12.2019 and signed on its behalf by:

.....

Nejc Kodric

Director



Bitstamp Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors of the company

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

Nejc Kodric

Damijan Merlak (resigned 25 October 2018)

Daniel Wayne Morehead (resigned 25 October 2018)

Jong Hyun Hong (appointed 25 October 2018)

Hendrik Ghys (appointed 25 October 2018)

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, at the same maintaining the integrity required to meet 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.

Bitstamp Limited

Directors' Report for the Year Ended 31 December 2018

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.

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 16 October 2019 the Board of Directors declared and approved a dividend payment to the Company's shareholders amounting to USD 60,001,277. The dividend payment was made on 23 October 2019

On 30 September 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. The capital injection was made on 24 October 2019.

Going concern

The Company's Directors believe that there are no material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's financial statements have been prepared on a going concern basis. The Directors' assessment of the Company's ability to continue as a going concern is based upon an assessment of the Company's business plans, together with related forecasts in respect of the Company's capital adequacy and liquidity positions, and stresses to those forecast positions.

Bitstamp Limited

Directors' Report for the Year Ended 31 December 2018

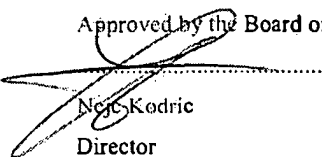
Disclosure of information to the auditors

Each director has taken 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 *17.12.2019* and signed on its behalf by:


N. Kodric
Director

Bitstamp Limited

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 applicable UK Accounting Standards have 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BITSTAMP LIMITED

Opinion

We have audited the financial statements of Bitstamp Limited for the year ended 31 December 2018 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 21, 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".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 8, 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.

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 8, 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.

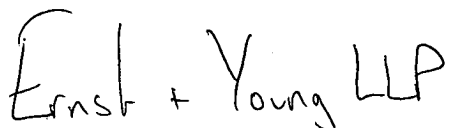
Auditor's responsibilities for the audit of the financial statements

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.

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.

A handwritten signature in black ink that reads "Ernst + Young LLP". The signature is written in a cursive, slightly slanted style.

Simon Ludlam (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
18 December 2019

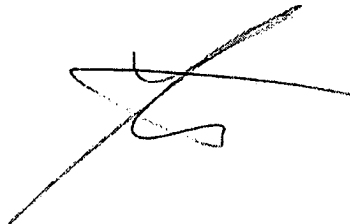
Bitstamp Limited

Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 €	2017 €
Revenue	3	106,889,297	77,470,022
Other income		504,940	12,582
Total turnover		107,394,237	77,482,604
Cost of sales	4	(17,082,182)	(17,537,920)
Gross profit		90,312,055	59,944,684
Administrative expenses	5	(37,927,444)	(8,745,424)
Operating profit		52,384,611	51,199,260
Other interest receivable and similar income	6	7,105,059	6,796,060
Amounts written off investments		-	(826,378)
Interest payable and similar expenses	7	(973,541)	(91,826)
		6,131,518	5,877,856
Profit before tax		58,516,129	57,077,116
Taxation	10	(10,593,986)	(12,376,154)
Profit for the financial year		47,922,143	44,700,962

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.



The notes on pages 17 to 33 form an integral part of these financial statements.

Bitstamp Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 €	2017 € <i>Unaudited</i>
Profit for the year	47,922,143	44,700,962
Total comprehensive income for the year	47,922,143	44,700,962

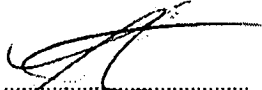


Bitstamp Limited

Balance Sheet as at 31 December 2018

	Note	2018 €	2017 € <i>Unaudited Restated</i>
Fixed assets			
Intangible assets	11	1,920,402	5,552,977
Tangible assets	12	1,132,136	322,715
Investments	13	6,100,000	2,000,000
		9,152,538	7,875,692
Current assets			
Debtors	14	23,345,855	82,760,376
Cash at bank and on hand	15	93,642,600	59,398,031
Restricted cash	15	746,584,950	1,496,599,644
		863,573,405	1,638,758,051
Creditors: Amounts falling due within one year	16	(773,175,917)	(1,595,005,860)
Net current assets		90,397,488	43,752,191
Total assets less current liabilities		99,550,026	51,627,883
Net assets		99,550,026	51,627,883
Capital and reserves			
Called up share capital	17	1,745	1,745
Share premium reserve		8,451,063	8,451,063
Profit and loss account		91,097,218	43,175,075
Total equity		99,550,026	51,627,883

Approved and authorised by the Board on 27.12.2019 and signed on its behalf by:



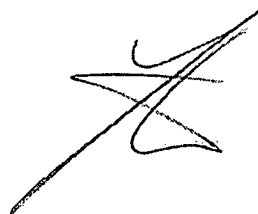
 Nejc Kodric
 Director

Bitstamp Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital	Share premium	Profit and loss account	Total
	€	€	€	€
At 1 January 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
At 31 December 2018	1,745	8,451,063	91,097,218	99,550,026

	Share capital	Share premium	Profit and loss account	Total
	€	€	€	€
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
At 1 January 2017	1,652	5,430,073	(1,525,887)	3,905,838
Profit for the year	-	-	44,700,962	44,700,962
Total comprehensive income	-	-	44,700,962	44,700,962
New share capital subscribed	93	3,020,990	-	3,021,083
At 31 December 2017	1,745	8,451,063	43,175,075	51,627,883



Bitstamp Limited

Cash flow statement for the Year Ended 31 December 2018

		2018 €	2017 € <i>Unaudited</i>
	Note		
Cash flows from operating activities			
Profit for the year		47,922,143	44,700,962
Adjustments to cash flows from non-cash items			
Depreciation of tangible assets	12	224,955	127,792
Amortization of intangible assets	11	58,955	-
Impairment of intangible assets	11	2,328,277	-
Loss on disposal of intangible assets	11	1,646,693	-
Unrealised FX gains	6	(1,511,950)	231,462
Impairment of subsidiaries		-	826,378
Income tax expense	10	10,593,986	19,824,830
		61,263,060	65,711,424
Working capital adjustments			
Decrease/(increase) in trade debtors	14	59,414,521	(81,286,913)
(Decrease)/increase in trade creditors	16	(803,842,769)	1,533,051,632
Cash generated from operations		(683,165,188)	1,517,476,143
Income taxes paid	10	(28,581,161)	(19,449,320)
Net cash flow from operating activities		(711,746,349)	1,498,026,823
Cash flows from investing activities			
Acquisition of subsidiaries	13	(4,100,000)	-
Acquisitions of tangible assets	12	(1,034,376)	(339,795)
Acquisition of intangible assets	11	(4,114,049)	(5,939,419)
Proceeds from sale of intangible assets	11	3,712,699	-
Net cash flows from investing activities		(5,535,726)	(6,279,214)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		-	3,021,083
Repayment of other borrowing		-	(347,315)
Net cash flows from financing activities		-	2,673,768
Net (decrease)/increase in cash and cash equivalents		(717,282,075)	1,494,421,377
Net foreign exchange difference	6	1,511,950	1,494,421,377
Cash and cash equivalents at 1 January		1,555,997,675	61,576,298
Cash and cash equivalents at 31 December		840,227,550	1,555,997,675

The notes on pages 17 to 33 form an integral part of these financial statements.

Bitstamp Limited

Notes to the Year Ended 31 December 2018

1 General information

The Company is a private company limited by share capital, incorporated 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 Section 1A - '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 30th September 2019.

2 Accounting policies

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.

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.

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

Bitstamp Limited

Notes to the Year Ended 31 December 2018

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.

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.

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.

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.

Bitstamp Limited

Notes to the Year Ended 31 December 2018

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.

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:

Asset class	Depreciation method and rate
Licensed and acquired technologies	25% per annum
Cryptocurrencies	Indefinite (no amortisation)

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.

Bitstamp Limited

Notes to the Year Ended 31 December 2018

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computers & office equipment	25% per annum
Furniture & fixtures	25% per annum

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.

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 to derive any economic benefits from them.

Bitstamp Limited

Notes to the Year Ended 31 December 2018

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.

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.

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.

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.

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

Bitstamp Limited

Notes to the Year Ended 31 December 2018

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.

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.

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.

Prior year corrections

In order to ensure comparability between the year under report and the prior year, the primary financial statement classification was changed for some of the accounts. The differences are driven by corrected classification of accounts.

Cash at bank and in hand was split on the face of the Balance Sheet to show the difference between own cash balances and restricted cash balances held on behalf of the clients.

Below is the comparison of originally submitted to restated Balance 2017

	2017 € <i>Unaudited Restated</i>	2017 € <i>Unaudited Submitted</i>
Fixed assets		
Intangible assets	5,552,977	5,939,419
Tangible assets	322,715	382,353
Current assets		
Debtors	82,760,376	82,314,296
Cash at bank and in hand	59,398,031	1,555,997,675
Restricted cash	1,496,599,644	-
Creditors: Amounts falling due within one year	(1,595,005,860)	(1,594,382,344)
Creditors: Amounts falling due after more than one year	-	(623,516)

Bitstamp Limited

Notes to the Year Ended 31 December 2018

Provisions and other contingent liabilities

The Company operates in an environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations 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 Bank 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.

3 Revenue

As of 31 December 2018, 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.

The breakdown by type of revenues is as follows:

	2018 €	2017 € <i>Unaudited</i>
Transaction processing fees	93,840,024	64,937,589
Deposits and withdrawals fee income	8,561,127	11,390,116
Service fee income	2,320,493	1,058,750
Other fees	2,167,653	83,567
	<u>106,889,297</u>	<u>77,470,022</u>

Bitstamp Limited

Notes to the Year Ended 31 December 2018

4 Cost of Sales

Cost of sales of the company are made up of fees for transaction fiat and cryptocurrencies charged to the Company by its banking counterparties.

The breakdown by type of cost of sales is as follows:

	2018	2017
	€	€
		<i>Unaudited</i>
Bank charges	3,916,506	7,140,709
Cryptocurrency charges	3,940,430	2,948,535
Financial transactions tax	9,225,246	7,448,676
	17,082,182	17,537,920

5 Administrative expenses

Administrative expenses for 2018 and 2017 years can be split as follows

	2018	2017
	€	€
		<i>Unaudited</i>
Intercompany services (Note 18)	11,130,880	680,128
Information Technology	6,157,319	1,679,570
Staff & subcontractors	5,984,248	3,511,007
Provisions for litigations expenses	2,379,625	-
Impairment Intangible Assets (Note 11)	2,328,277	-
Non-recoverable VAT expense	2,291,540	355,380
Loss on disposal of intangible assets (Note 11)	1,646,693	-
Premises	1,120,770	237,466
Audit & Consultancy	1,860,439	867,789
Other Administrative Expenses	1,155,700	770,796
Travel & Representation	943,035	297,177
Depreciation & amortisation expense (Note 11 and 12)	283,910	127,793
Marketing	645,008	218,318
Total	37,927,444	8,745,424

Bitstamp Limited

Notes to the Year Ended 31 December 2018

6 Other interest receivable and similar income

	2018 €	2017 € <i>Unaudited</i>
Interest income on bank deposits	5,341,796	1,265,450
Unrealised foreign exchange gains	1,511,950	231,462
Realised foreign exchange gains	251,313	5,299,148
Total	7,105,059	6,796,060

As of 31 December 2018, unrealised foreign exchange gains relate to the year-end revaluation of the Company's cash at bank accounts denominated in foreign currencies.

7 Interest payable and similar expenses

	2018 €	2017 € <i>Unaudited</i>
Interest on bank balances	973,541	91,826
	973,541	91,826

8 Remuneration

The aggregate payroll costs were as follows:

	2018 €	2017 € <i>Unaudited</i>
Wages & salaries, including social security	580,044	-
	580,044	-

Bitstamp Limited

Notes to the Year Ended 31 December 2018

9 Auditors' remuneration

	2018 €	2017 € <i>Unaudited</i>
Audit of the financial statements	384,889	32,555

During 2018 financial year EUR 140,270 was recognised in relation to audit of 2017 annual accounts and EUR 34,619 was recognised in relation to audit of 2016 annual accounts.

10 Taxation

Tax charged to the Profit and Loss Account is at the Corporate Income Tax rate in Slovenia of 19%.

	2018 €	2017 € <i>Unaudited</i>
Current taxation		
Foreign corporate taxes	10,593,986	12,376,154
Deferred taxation		
Arising from write-down or reversal of write-down of deferred tax asset	-	375,510
Tax expense in the income statement	10,593,986	12,751,664

Included in the creditors due in less than one year are the following categories of tax liabilities:

	2018 €	2017 € <i>Unaudited</i>
Tax liability		
Corporate income tax liability & accruals	13,891,752	20,711,696
Other tax liabilities	194,391	506,346
Total tax liability	14,086,143	21,218,042

Bitstamp Limited

Notes to the Year Ended 31 December 2018

10 Taxation (continued)

Tax expense reconciliation

The tax assessed for the year differs from the standard rate of corporation tax in Slovenia of 19% (2017 – 19%).

The differences are explained below:

	2018	2017
	€	€
		<i>Unaudited</i>
Profit before tax	58,516,129	57,077,116
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19%)	(11,118,064)	(10,844,652)
Effects of:		
Timing differences on which deferred tax has not been recognised	287,270	44,093
Other items	236,808	(1,575,595)
Total tax for the year	(10,593,986)	(12,376,154)

11 Intangible assets

	Licenced & acquired technologies €	Own Crypto currencies €	Total €
Cost or valuation			
At 1 January 2018 (<i>restated</i>)	62,425	5,493,340	5,555,765
Disposals	-	(5,359,392)	(5,359,392)
Additions	330,337	3,783,712	4,114,049
At 31 December 2018	392,762	3,917,660	4,310,422
Amortisation			
At 1 January 2018 (<i>restated</i>)	(2,788)	-	(2,788)
Charge for the year	(58,955)	-	(58,955)
At 31 December 2018	(61,743)	-	(61,743)
Impairment			
At 1 January 2018 (<i>restated</i>)	-	-	-
Charge for the year	-	(2,328,277)	(2,328,277)
At 31 December 2018	-	(2,328,277)	(2,328,277)
Carrying amount			
At 31 December 2018	331,019	1,589,383	1,920,402
At 31 December 2017 (<i>unaudited</i>) (<i>restated</i>)	59,637	5,493,340	5,552,977

Bitstamp Limited

Notes to the Year Ended 31 December 2018

12 Tangible assets

	Computers & office equipment €	Furniture & fixtures €	Total €
Acquisition cost			
At 1 January 2018 <i>(restated)</i>	561,434	62,644	624,078
Additions	860,634	173,742	1,034,376
At 31 December 2018	1,422,068	236,386	1,658,454
Depreciation			
At 1 January 2018 <i>(restated)</i>	(291,403)	(9,960)	(301,363)
Charge for the year	(190,956)	(33,999)	(224,955)
At 31 December 2018	(482,359)	(43,959)	(526,318)
Carrying amount			
At 31 December 2018	939,709	192,427	1,132,136
At 31 December 2017 <i>(unaudited) (restated)</i>	270,031	52,684	322,715

Bitstamp Limited

Notes to the Year Ended 31 December 2018

13 Investments in subsidiaries, joint ventures and associates

	Investments €
Subsidiaries	
Cost or valuation	
At 1 January 2018	2,000,000
Additions	4,100,000
At 31 December 2018	<u>6,100,000</u>
Provision	
Carrying amount	
At 31 December 2018	6,100,000
At 31 December 2017 (<i>unaudited</i>)	<u>2,000,000</u>

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	
			2018	2017
Bitstamp, Inc.	USA	Ordinary shares	100%	100%
Bitstamp Europe SA	Luxembourg	Ordinary shares	100%	100%
Bitstamp d.o.o.	Slovenia	Ordinary shares	100%	0%

The principal activity of Bitstamp, Inc. is cryptocurrency exchange.

The principal activity of Bitstamp Europe SA is cryptocurrency exchange.

The principal activity of Bitstamp d.o.o. is Administrative services.

Bitstamp Limited

Notes to the Year Ended 31 December 2018

14 Debtors

	2018 €	2017 €
		<i>Unaudited</i>
Intercompany debtors	20,345,851	79,209,814
Other debtors	2,872,539	3,413,602
Trade debtors	127,465	136,960
Total current trade and other debtors	23,345,855	82,760,376

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 restricted client cash and amounts to EUR 18,595,806 (2017 EUR: 79,158,815) (Note 16).

15 Cash and cash equivalents

	2018 €	2017 €
		<i>Unaudited</i>
Cash at bank	93,642,600	59,382,854
Restricted client cash (Note 16)	743,286,256	1,496,599,644
Collateral deposits	3,298,694	-
Short-term deposits	-	15,177
	840,227,550	1,555,997,675

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.

16 Creditors

	2018 €	2017 €
Due within one year		
Client liabilities	760,232,420	1,570,009,238
Intercompany creditors	4,740,051	584,007
Tax liability (Note 10)	3,230,868	21,218,042
Trade creditors	1,495,064	1,211,921
Other creditors	1,097,889	1,982,652
Other provisions	2,379,625	-
	773,175,917	1,595,005,860

Bitstamp Limited

Notes to the Year Ended 31 December 2018

16 Creditors (continued)

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

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

	2018 €	2017 €
		<i>Unaudited</i>
Intercompany debtors	18,595,806	79,158,815
Restricted client cash (Note 15)	743,286,256	1,496,584,767
Client liabilities	(760,232,420)	(1,570,009,238)
Unrestricted company cash not swept at year-end	1,649,642	5,734,344

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.

Unrestricted cash relates to interest on bank balances not swept by the Company as of year-end. The Company has not swept this immaterial balance to ensure the Company has sufficient funds to cover clients' liabilities.

17 Allotted, called up and fully paid shares

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
	146,416	1,464.16

The allotted, called up and fully paid shares as at 31 December 2017 amounts to EUR 1,745 and is shown split by class of shares as follows:

	No.	2017 £
Ordinary shares £0.01 each	118,345	1,183.45
Ordinary Class A shares £0.01 each	20,000	200.00
Ordinary Class B shares £0.01 each	8,071	80.71
	146,416	1,464.16

Bitstamp Limited

Notes to the Year Ended 31 December 2018

18 Related parties

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

	2018 €	2017 € <i>Unaudited</i>
Administrative expenses	11,130,880	680,128
Bitstamp, Inc.	-	-
Bitstamp Europe SA	4,683,311	680,128
Bitstamp d.o.o.	6,447,569	-
NXMH BVBA	58,080	-
Intercompany debtors	20,345,851	79,209,814
Bitstamp, Inc.	-	-
Bitstamp Europe SA	19,317,438	79,209,814
Bitstamp d.o.o.	1,028,413	-
Intercompany creditors	4,740,051	584,007
Bitstamp, Inc.	92,026	326,803
Bitstamp Europe SA	3,080,753	257,204
Bitstamp d.o.o.	1,567,272	-

The balances and transactions relate to services provided to the company by its subsidiaries in scope of the Service Agreements in place 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 NXMH relate to management fee.

Board and Supervisory Board Members

The Board of Directors consists of three members who serve without direct remuneration. 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.

Bitstamp Limited

Notes to the Year Ended 31 December 2018

19 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 2018 the off-balance sheet commitments relating to cryptocurrencies held by the company on behalf of its customers amounted to EUR 811,219,437 (2017: EUR 3,102,526,176).

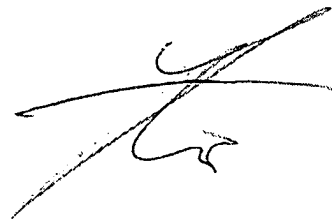
20 Contingent liabilities

During 2018 the Company received formal claims from a customer approximating EUR 3 million and a financial institution for a total amount of EUR 3,930,000 (of which EUR 2,379,625 has been provided for). While it is not possible to ascertain the ultimate legal and financial liability with respect to this claim, the Management of the Company believes the risk of a cash outflow for the Company is less than probable.

21 Subsequent events

On 16 October 2019 the Board of Directors declared and approved a dividend payment to the Company's shareholders amounting to USD 60,001,277. The dividend payment was made on 23 October 2019.

On 30 September 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. The capital injection was made on 24 October 2019.

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form a stylized, abstract shape.