



CRYPTO BLOCKCHAIN INDUSTRIES

# FY 2021-2022 MANAGEMENT REPORT & CONSOLIDATED FINANCIAL STATEMENTS

## CONTENTS

<b>I. MANAGEMENT REPORT ON THE GROUP .....</b>	<b>2</b>
BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS .....	2
COMPANY PRESENTATION .....	2
HIGHLIGHTS OF THE PERIOD.....	3
ACCOUNTING RULES AND METHODS .....	6
ANALYSIS OF THE INCOME STATEMENT AS AT MARCH 31, 2022 .....	7
ANALYSIS OF THE BALANCE SHEET AS AT MARCH 31, 2022 .....	9
RISK DISCLOSURES .....	12
SUBSEQUENT EVENTS .....	19
EXECUTIVE COMPENSATION AND BENEFITS .....	19
WORKFORCE FOR FISCAL YEAR 2022-20222 .....	21
CBI SA STOCK OPTION PLAN .....	21
 <b>II. CONSOLIDATED FINANCIAL STATEMENTS 2021 -2022.....</b>	<b>22</b>
INCOME STATEMENT .....	22
BALANCE SHEET .....	23
CASH FLOW STATEMENT.....	24
STATEMENT OF CHANGE IN SHAREHOLDER'S EQUITY .....	24
BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS .....	24
COMPANY PRESENTATION .....	24
NOTES TO THE STATUTORY CONSOLIDATED STATEMENTS .....	25
AUDITORS REPORT ON THE CONSOLIDATED STATEMENT .....	47

# I. MANAGEMENT REPORT ON THE GROUP CONSOLIDATED FINANCIAL STATEMENT 12-MONTH FINANCIAL PERIOD ENDED MARCH 31, 2022

## *BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS*

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Crypto Blockchain Industries, SA ("CBI" or the "Company") is a French-law company.

The financial year of the Company is from April 1 to March 31.

The first half of Financial Year 2022 refers to the 6-month period from April 1, 2021 to September 30, 2021. Financial year 2022 refers to the 12-month period from April 1, 2021 to March 31, 2022.

The present financial statements are presented as at March 31, 2022 for the entire Financial Year 2022, i.e. April 1, 2021 to March 31, 2022.

The present financial statements have been prepared in accordance with IFRS accounting principles.

## *COMPANY PRESENTATION*

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CBI is one of the very few companies offering a global investment approach, covering all domains of the Crypto Blockchain Industries, investing after careful selection in the portions of the value chain offering the best opportunities:

- Operating Businesses: CBI controls, alone or with partners, its own blockchain business (transportation, games)
- Investments: CBI invests in start-up companies; CBI also invests and assists existing companies in a digital transition to the blockchain space
- Intellectual Properties: CBI can invest into property rights (IPs), building its own portfolio of IPs
- Portfolio Management: CBI holds and manages a portfolio of crypto-currencies and tokens, and also owns highly liquid assets such as cash and listed shares in the videogame/blockchain space

CBI's investment strategy is to keep investing in ongoing businesses and start-up companies, as well as crypto-currencies and tokens.

CBI's permanent focus is to build the portfolio, maximize Return On Investment and operate on very low overhead, targeting the best opportunities in the industry. CBI uses financing techniques to leverage its resources, with a constant focus on securing guarantees in order to protect the downside.

The complementary nature of these business lines enables the optimization of synergies.

The corporate purpose of the Company CBI, in accordance with article 2 of its by-laws, in France or abroad, directly or indirectly, is:

- the design, production, publishing and distribution of all blockchain, multimedia and other services providing an interactive experience, of any nature whatsoever, in any form including software, data processing and content – either interactive or otherwise – for all media and by means of all present and future means of communication;
- the purchase, sale, supply and more generally distribution of all products and services related to the foregoing;
- the creation, acquisition, use and management of intellectual and industrial property rights or other in rem and in personam rights, including by means of assignment, licensing, patents, trademarks and

other copyrights;

- the acquisition, the search for partnerships and the acquisition of interests in other firms, including the formation of new entities and the issuance, subscription or transfer of securities in any business directly or indirectly related to the foregoing or to the products and ideas developed by the Company;
- and, more generally, any transactions with a purpose similar or related to the foregoing, or otherwise likely to benefit the Company.

## HIGHLIGHTS OF THE PERIOD

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The year 2021-2022 has allowed the company to establish the basis for its development and to start its activity. The highlights of the period are as follows:

### **1. Creation of the Crystal token (CRYS) and first sales**

In September 2021, 600 million units of the Crystal (CRYS) token, the crypto-currency to be used in AlphaVerse, were created on the Binance Smart Chain.

The first sales of CRYS and NFTs occurred in November 2021.

### **2. Continued impact of the Covid-19 pandemic**

In response to the current health crisis, the Company has taken the necessary measures to ensure the safety of its employees and the continuity of its operations, despite the continuation of work-at-home arrangements still in place as of the date of this document. The duration of this situation and its proportions are not predictable. The consequences vary considerably depending on the Company's various activities, with an expected negative impact on licensing activities due to delays in the renewal of license contracts. A positive impact has been observed for video game revenues.

The impact of Covid-19 is being closely monitored by the Company in order to take the necessary measures according to the situation.

### **3. Ukraine and Russia conflict:**

Crypto Blockchain Industries (CBI) is not exposed with the situation in Russia and Ukraine. CBI does not have any suppliers, clients, employees, affiliates or financial link with Russia and Ukraine.

CBI monitors the situation in a daily basis and will take all necessities actions to minimize the risk.

### **4. Investment in new projects:**

One of the major goals of the Company is to develop an online persistent world operating on the blockchain, i.e. a "Metaverse" (as defined below). This Metaverse is called "AlphaVerse".

Such Metaverse will incorporate major brands, to attract more players by taking advantage of the awareness of such brands.

The Company has recently achieved major milestones:

#### **Continued development of MetaCoaster universe:**

- MetaCoaster is a blockchain theme park simulation game for the AlphaVerse metaverse. MetaCoaster will be free to access in AlphaVerse, with various modes from solo to multiplayer, with a wide range of challenges and experiences enabling the community to acquire virtual plots, build and develop theme parks, and organize tournaments. Players will have full responsibility for managing their parks: the plots and décor can be adjusted (locations of roller coasters, rides, restaurants, etc.) and attractions be built or demolished.

### Execution of licenses:

- **United at Home:** License with the charity program founded by David Guetta.
- **Raverse collective:** new partnership with the Raverse collective for the development of the AlphaVerse metaverse and NFT sales on the blockchain. With a view to diversifying the content, these universes, focused on digital arts and rave music, will be able to use explicit content from the Raverse collective. In every AlphaVerse world, young artists will be able to create their own communities, sharing and selling their creation, as well as developing new projects.
- **Horyou:** joining forces along with Horyou Foundation to create a metaverse and token focused on humanitarian action and preserving the planet. Horyou, a global platform promoting a more humanistic approach to technology by bringing together stakeholders promoting social good, will develop with CBI a dedicated universe - Horyou AlphaVerse - within its metaverse and NFTs. The licensing partnership between CBI and Horyou includes selling dedicated NFTs for this new universe within AlphaVerse, through the creation of a token called "LIGHTS".

The use of third-party licenses is always subject to prior approval of the rights owner.

### **Definition of a metaverse / Overview of the experience**

The "Metaverse" refers to a shared online world developed featuring various themed or branded environments. Users can interact freely within them, sharing in virtual experiences that combine social interaction with the best of online gaming. Metaverses are composed of a series of 2D or 3D virtual plots that link into a homogenous universe. They may include some sections, parts, levels and/or which are not developed on a blockchain platform.

The Metaverse will be composed of several sub-universes, some of which will be branded and others not. CBI intends to acquire a wide variety of licenses in order to offer an expansive and diverse experience for users.

Third-party operators will be able to run their own sections under agreements with the metaverse, i.e. through revenue share. Each universe will provide its own unique feel, style, and experience for users, creating a rich world for players to interact in.

Some of the activities and games will be developed and operated by the publisher, while others will be run by the users themselves through the use of in-game tools.

Overall, the goal of the metaverse is to:

- Offer users interactive experiences directly created by the metaverse. This will include non-playable characters and "Players vs. Environment" settings for players.
- Offer tools to players so they can create their own experiences. The community will create their own games and assets through the use of in-game builders, which they can later monetize and sell (with a revenue share to the publisher – such as User Generated Content). For example, a player can create his or her own collection of NFTs and sell them to the other players, with a % being taken by the publisher

### **Timeline**

CBI's goal is to launch a Beta version of the Metaverse in fiscal 2022/2023.

### **Sources of Revenue**

The Company plans to derive its revenue through the following sources:

- Sale of Crystal Tokens
- Sale of virtual land NFTs
- Sale of infrastructure NFTs: This includes buildings, monuments, display galleries/museums, roads/bridges for use on within land parcels. There will be different types of buildings and vehicles. Roads, bridges, signage and equivalent items will also be made available.
- Sale of Avatars.
- Sale of consumables: this includes the following potions or digital consumable [weapons, ammo, food, drinks, gas, fuel for vehicles, etc..] that can be used for gameplay and for certain upgrades in

the metaverse.

- Sale of cosmetics: this includes any type of digital wearable items (such as t-shirts or robes), customizable avatars, skins for avatars, digital pets, other assets.
- Sale of games inside the metaverse.

#### Additional licenses

The Company is in the process of negotiating additional brand licenses for the Metaverse, in many sectors such as music or beverage, in order to provide a broad experience to the players.

### 5. Rent for premises

The Company has entered into a lease agreement with respect to premises located at 68 bis rue Charles-Laffitte à Neuilly-sur-Seine (France) as from November 1, 2021, for a monthly lease of 25 000 euros. Mr. Frédéric Chesnais did abstain from voting as he is interested to this transaction since he has indirect ownership in the leased property.

### 6. Contribution in kind of September 2021

Ker Ventures contributed assets to the Company, in exchange for new shares being issued as well as a deferred payment recorded as a shareholder's loan. This asset contribution has been reviewed by Mr. Antoine Legoux, appointed on January 25, 2021 as Commissaire aux Apports by unanimous decision of the shareholders of the Company. The extraordinary meeting of shareholders of the Company has approved such contribution of assets and the issuance of the shares by Company on July 22, 2021.

Mr. Antoine Legoux delivered his report on May 12, 2021. In Section II.3 of such report, it was set forth that, in the event of a variation of more than 10% of the valuation of the listed assets, the shareholders would update the value of such listed assets by using a more recent reference.

In accordance with the provisions of such report, the valuation of the listed assets contributed (Atari shares, Atari tokens) has been updated given their intrinsic volatility. These listed assets have been valued on the basis of a six-month volume-weighted average, i.e. respectively euro 0,5582 per share for the 3,500,000 Atari shares and euro 0,311 per token for the 30,000,000 Atari Tokens, averages measured as at July 8, 2021.

There is no restriction on the use of cash available and of the assets of the Company, and the sale of the Atari tokens is partially restricted until March 31, 2022 so as not to add to the market volatility.

18,000,000 new shares were issued by the Company, for a nominal value of 18 million euros, together with a premium of 5 million euros, and a shareholder loan was entered into for the balance of 4.5 million euros. This shareholder loan does not bear interest.

Such contribution was completed on September 24, 2021, as follows:

(000's of euros)	Capital Increase
Cash	549,1
Atari Shares	1 953,0
Crypto-currencies	9 338,6
Investments in companies	12 171,6
Investments in companies	3 438,0
<b>Total contribution</b>	<b>27 450,2</b>
Issuance of shares	18 000,0
Consolidation premium	5 000,0
Shareholders' Loan	4 450,2
<b>Total compensation</b>	<b>27 450,2</b>

As a result, as at September 30, 2021, the share capital of the Company amounts to 18,037,000 euros, divided in 18,037,000 shares of 1 euro of nominal each.

## 7. Borrow of company shares

In October 2022, the Company borrowed 70,000 CBI shares from its main shareholders, Ker Ventures, SARL. The loan was short-term, valued at Euro 140K and bore interest at 2% per annum. This is a regulated agreement. This loan has been repaid in full by issuance of the same number of shares.

## 8. Split of nominal value and allocation of free shares

The extraordinary meeting of shareholders of 29 December, 2021 decided the Division of the nominal value of the Company by 10, bringing the 1 nominal value of the shares from 1 euro to 0.10.

In January 2022, 1 free share was allocated for every 4 shares held.

As at March 31 2022, the Company's subscribed and fully paid-up capital totals is €24,258,750 divided into 242 587 500 shares with a par value of €0.10. The number of voting rights assigned to the Company's shares is 242 587 500.

### Evolution of the share count during the financial year

March 31, 2021		37 000
24/09/2021	Contribution in kind	18 000 000
12/10/2021	Private Placement	1 300 000
12/01/2022	Split of nominal value by 10	174 033 000
18/01/2022	Repayment of loan	700 000
27/01/2022	Allocation of free shares (1 for 4)	48 517 500
March 31, 2022		242 587 500

## 9. Repurchase and cancellation of the Atari warrant

CBI signed on March 29, 2022, a settlement with ATARI in which it was agreed as follows:

Atari transferred back to CBI the warrant allowing Atari to acquire 5% of the capital of CBI at par value (0,1 euro per share), and such warrant was cancelled.

CBI did pay \$110,000 and did transfer to Atari the ownership of 3.5 million Atari shares held by CBI.

CBI did not participate in the ongoing capital increase of Atari.

Atari and CBI did mutually prohibit each other from acquiring securities issued by the other entity for a period of 5 years.

The license granted by Atari to CBI allowing the latter to exploit certain Atari assets in the metaverse was terminated with immediate effect; the Atari NFTs already sold by CBI did remain in circulation.

## ACCOUNTING RULES AND METHODS

### GENERAL PRINCIPLES

#### Preparation of the Financial Statements

The annual financial statements are prepared and presented in accordance with Articles 832-2 and 833-2 of the French Commercial Code as well as the accounting regulations of the Accounting Standards Authority (ANC Regulation No. 2014-03 of June 5, 2014 updated for the various additional regulations on the date of the establishment of the said annual accounts). Specifically, they comply with the terms of Regulations 2016-07 and 2020-05 of the French Accounting Standards Authority, and particularly the principles of prudence, lawfulness, true and fair view, permanence of the methods from one period to another, and independence of reporting periods.

The Company's financial statements are presented in thousands of euros without any decimal or with one decimal, unless otherwise indicated. Figures rounded to the nearest thousand euros may in some situations lead to minor discrepancies in the totals and subtotals of the tables.

## CHANGE IN ACCOUNTING METHODS

The company has not adopted any new accounting method.

## FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate prevailing on the transaction date. On the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates prevailing at the balance sheet date. All differences are recorded in profit or loss for the period, except for differences on foreign currency borrowings that constitute a hedge of the net investment in a foreign entity. These are directly charged to equity until the outflow of the net investment.

The exchange rates of the main currencies used by the Company are as follows:

	March 31, 2022		March 31, 2021	
	Closing rate	Average rate	Closing rate	Average rate
USD	1.1085	1.1010	1.1725	1.1675

## ANALYSIS OF THE INCOME STATEMENT AS AT MARCH 31, 2022

(000's of €)	March 31, 2022	March 31, 2021
Revenue	-	-
Other income	4 280.7	-
Cost of goods sold	(487.1)	-
<b>GROSS MARGIN</b>	<b>3 793.6</b>	-
Research and development expenses	(538.5)	-
Marketing and selling expenses	(562.5)	-
General and administrative expenses	(749.6)	(5.0)
Other operating income (expense)	-	-
<b>CURRENT OPERATING INCOME (LOSS)</b>	<b>1 943.0</b>	(5.0)
Restructuring costs		
Other income (expense)	0.0	-
<b>OPERATING INCOME (LOSS)</b>	<b>1 943.0</b>	(5.0)
Cost of debt	(62.2)	-
Other financial income (expense)	2 044.7	-
Income tax	-	-
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>3 925.5</b>	(5.0)
Net income (loss) from discontinued operations	-	-
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>3 925.5</b>	(5.0)
Group share	3 807.0	(5.0)
Minority interests	118.5	0.0
Basic earnings per share (in euro)	0.016	-
Diluted earnings per share (in euro)	0.016	-

### Consolidated revenues

The first sales of licenses and NFTs started at the end of November 2021, and the results at March 31, 2022 therefore represent four months of activity.

At March 31, 2022, CBI is reporting consolidated revenues of €4,280.7K, mainly from the first sales of NFTs and tokens related to the development of the universes and AlphaVerse, and to a lesser extent, the licenses and online games of the subsidiaries OP Productions and Free Reign East. NCX is not consolidated.

Over the four months of commercial activities, the proceeds from sales of NFTs and tokens are mainly derived from the sales or pre-sales recorded for AlphaVerse, including United at Home (Beat AlphaVerse), among others.

### Consolidated income from operations

The pro forma gross margin came to 88.6% of revenues for the period.

Consolidated research and development expenses include the development and operation of video games. Their change depends on the level of new features developed. Classic video games are fully amortized, and there is no additional depreciation. With respect to the metaverse, the value of the intellectual property rights is recorded as an asset on the balance sheet and has not been amortized at March 31, 2022, as this amortization starts from the opening of the metaverse.

Consolidated sales and marketing expenses include advertising of the games through the launch of online campaigns. The expenses for the period related to OP Productions' game with new features, which resulted in additional marketing expenses to acquire additional players, and to marketing operations on the metaverse.

Consolidated general and administrative expenses for the period mainly reflect management expenses, as well as general expenses related to the listing of the company's shares on Euronext Growth market.

Consolidated operating income for the period came to €1,943.0k, compared to €(5.0)k for the same period last year.

The consolidated financial expenses reflect the interest paid at the legal rate on the Ker Ventures loan and the IFRS 16 restatements, while consolidated financial income mainly reflects the capital gains recorded by the investment services provider TSAF under the liquidity contract for CBI shares.

Consolidated minority interests represent the amount attributable to the 23% owners of OP Productions, LLC and Free Reign East, LLC and totaled €118.5K for the period.

There is no corporate income tax payable for the period.

The consolidated net profit (Group share) for the period came to €3,807.0 K, compared with a €(5.0) K loss for the same period last year.

### Current operating expenses

For the purposes of comparison with other companies in the sector, CBI presents its income statement by function.

### Research and development expenses

Research and development expenses are analyzed as follows:

<b>R&amp;D expenditures</b>  (in 000's of €)	<b>March 31, 2022</b>	March 31, 2021
	<b>Amounts</b>	Amounts
Capitalized R&D	<b>(538.5)</b>	-
Depreciation	-	-
Other R&D expenditures*	-	-
<b>Total R&amp;D expenditures</b>	<b>(538.5)</b>	-



### Marketing and sales expenses

Marketing and sales expenses were €505.6K during the first year.

### General and administrative expenses

General and administrative expenses for the period were €768.0K compared to €5.0K for the prior year.

## ANALYSIS OF THE BALANCE SHEET AS AT MARCH 31, 2022

ASSETS (000's of €)	March 31, 2022	March 31, 2021
Intangible assets	11 014.5	-
Property, plant and equipment	11.8	-
Rights of use relating to leases	2 236.2	-
Non-current financial assets	8 144.9	-
Deferred tax assets	-	-
<b>Non-current assets</b>	<b>21 407.4</b>	<b>-</b>
Inventories	2 828.5	-
Trade receivables	440.4	-
Other current assets	-	-
Cash and cash equivalents	2 647.2	37.0
Assets held for sale	-	-
<b>Current assets</b>	<b>5 916.1</b>	<b>37.0</b>
<b>Total assets</b>	<b>27 323.5</b>	<b>37.0</b>
<b>EQUITY &amp; LIABILITIES (000's of €)</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Capital stock	24 258.8	37.0
Share premium	-	-
Consolidated reserves	(10 446.8)	-
Net income (loss) Group share	3 807.0	(5.0)
<b>Shareholders' equity</b>	<b>17 619.0</b>	<b>32.0</b>
Minority interests	206.6	-
Provisions for non-current contingencies and losses	0.0	-
Non-current financial liabilities	4 573.4	-
Deferred tax liabilities	-	-
Long term lease liabilities	2 015.6	-
Other non-current liabilities	-	-
<b>Non-current liabilities</b>	<b>6 589.0</b>	<b>-</b>
Provisions for current contingencies and losses	-	-
Current financial liabilities	-	-
Short term lease liabilities	236.5	-
Trade payables	2 559.2	5.0
Other current liabilities	113.2	-
<b>Current liabilities</b>	<b>2 908.9</b>	<b>5.0</b>
<b>Total equity and liabilities</b>	<b>27 323.5</b>	<b>37.0</b>

### Consolidated intangible assets

Amounts invested in the development of the games and the metaverse are capitalized and amortized from the date they are put into service. For the metaverse, the value of the intellectual property rights is recorded as an asset on the balance sheet and has not been amortized at March 31, 2022. This amortization will begin when the metaverse opens, scheduled for the end of the first half FY 2022-23.

### Consolidated financial assets

When listed, the portfolio of shares and financial instruments is valued based on a volume-weighted average price calculated over six months (V-WAP). This method was also used for the contribution in kind made in September 2021. Atari shares were used during the year to buy back the warrant issued to the Atari Group.

### Consolidated token and NFT inventory

The inventory of tokens is recorded at cost, based on the purchase price. Each cryptocurrency is valued based on different volume-weighted average prices to reflect the value of each cryptocurrency and the overall portfolio. If the cost price of a cryptocurrency is less than its market value, no unearned revenue is recognized. If the cost price of a cryptocurrency is greater than its market value, an impairment loss is recognized in profit and loss. At March 31, 2022 the inventory was valued at €2,828.5K.

Token	# Tokens	Market Price/Token US\$	Market Value US\$	Market Value Euro	Gross Value Euro	Accrual Euro	Net Value Euro
	A	B	A*B	C = A*B 1,1085	D	E = C - D (IF < 0)	D-E
ETH	126,76	\$3 282,3000	\$416 049,83	€ 375 326,86	€ 492 355,39	-€ 117 028,53	€ 375 326,86
USDT	6 277,00	\$1,0000	\$6 277,00	€ 5 662,61	€ 5 340,62	€ -	€ 5 340,62
BTC	26,98	\$45 528,0000	\$1 228 345,44	€ 1 108 114,97	€ 1 160 681,88	-€ 52 566,91	€ 1 108 114,97
USDC	738 763,02	\$1,0000	\$738 763,02	€ 666 452,88	€ 652 443,70	€ -	€ 652 443,70
CHAIN GAMES	-	\$0,2000	\$0,00	€ -	€ -	€ -	€ -
BNB	1,00	\$428,7600	\$428,76	€ 386,79	€ 164,58	€ -	€ 164,58
WETH	0,59	\$3 286,2700	\$1 942,86	€ 1 752,69	€ 1 674,15	€ -	€ 1 674,15
MATIC	-	\$1,6200	\$0,00	€ -	€ -	€ -	€ -
CRYS	499 860 000,00	\$0,0833	\$41 653 333,80	€ 37 576 304,74	€ 499,86	€ -	€ 499,86
ATRI	326 489,00	\$0,0250	\$8 166,07	€ 7 366,78	€ 19 633,52	-€ 12 266,74	€ 7 366,78
LIGHTS	6 520 000 000,00	\$0,0025	\$16 300 000,00	€ 14 704 555,71	€ 652,00	€ -	€ 652,00
NFTs	-	\$0,0000	\$0,00	€ -	€ -	€ -	€ 38,69
ATRI (Contributed)	30 000 000,00	\$0,0250	\$750 353,40	€ 676 908,80	€ 676 908,80	€ -	€ 676 908,80
<b>TOTAL</b>			\$61 103 660,18	€ 55 122 932,82	€ 3 010 354,50	-€ 181 862,19	€ 2 828 531,00

### Shareholders' Equity / Redemption of the Warrant

Shareholders' equity, Group share, totaled €18,063.9 K at March 31, 2022.

The increase is due to the profit for the year, the contribution of assets by Ker Ventures, EURL during the period, the private placement of shares in October 2021, all reduced by the repurchase price of the warrant issued to the Atari Group and cancelled as part of the agreement signed between CBI and Atari on March 29, 2022.

The change in shareholders' equity can be broken down as follows:

The table below shows the change in shareholders' equity during the financial year (in thousands of euros):

(000's of euros)	Number of shares	Capital stock	Other paid in capital	Legal reserve	Retained earnings	Profit (Loss)	Total
<b>Shareholders' equity March 31, 2021</b>	<b>37 000</b>	<b>37,0</b>	<b>-</b>	<b>-</b>	<b>(5,0)</b>	<b>-</b>	<b>32,0</b>
Net income	-	-	-	-	-	(7 170,8)	(7 170,8)
Contribution in kind	18 000 000	18 000,0	5 000,0	-	-	-	23 000,0
Private Placement	1 300 000	1 300,0	1 300,0	-	-	-	2 600,0
Split of nominal value by 10	174 033 000	-	-	-	-	-	-
Repayment of loan	700 000	70,0	70,0	-	-	-	140,0
Allocation of free shares (1 for 4)	48 517 500	4 851,8	(4 851,8)	-	-	-	-
Expenses	-	-	-	-	(537,3)	-	(537,3)
<b>Shareholders' equity March 31, 2022</b>	<b>242 587 500</b>	<b>24 258,8</b>	<b>1 518,3</b>	<b>-</b>	<b>(542,3)</b>	<b>(7 170,8)</b>	<b>18 063,9</b>

### Net Cash

At the end of the period, net cash/(debt) is defined as cash and cash equivalents minus loans, and calculated as follows:

(000's of euros)	March 31, 2022	March 31, 2021
Cash (Cash on hand and demand deposits)	2 647,2	37,0
Cash equivalents (Highly liquid, short-term investments )	-	-
<b>Cash and cash equivalents</b>	<b>2 647,2</b>	<b>37,0</b>

### Common shares

At the general meeting on December 29, 2021 a resolution for a 10 for 1 stock split of CBI shares effective January 10, 2022 was unanimously approved.

A second resolution at the general meeting on December 29, 2021 authorizing a free allocation of shares to all shareholders of 1 new share for every 4 shares held the effective date for the free allocation of shares is February 1, 2022 was unanimously approved.

Both resolutions were submitted to the Board of Directors for their approval on January 19, 2022.

On March 29, 2022, CBI entered into a buyback and cancellation of the warrant that allowed Atari to acquire 5% of CBI's share capital at a price of €0.1 per share, in exchange for the termination of the Atari license, payment of USD \$100,000, €12,000 and transfer of 3,500,000 Atari shares held by CBI to Atari, upon completion of the transaction the warrants were cancelled.

As at March 31 2022, the Company's subscribed and fully paid-up capital totals is €24,258,750 divided into 242 587 500 shares with a par value of €0.10. The number of voting rights assigned to the Company's shares is 242 587 500.

### Evolution of the share count during the financial year

March 31, 2021		37 000
24/09/2021	Contribution in kind	18 000 000
12/10/2021	Private Placement	1 300 000
12/01/2022	Split of nominal value by 10	174 033 000
18/01/2022	Repayment of loan	700 000
27/01/2022	Allocation of free shares (1 for 4)	48 517 500
<b>March 31, 2022</b>		<b>242 587 500</b>

At the date of this Document, the breakdown of shareholders with more than 2% of the capital and voting rights was as follows:

	Shares		Voting Rights	
	#	%	#	%
Ker Ventures, SARL	224 392 425	92.50%	224 392 425	0.09%
Ker Ventures, LLC	205 999	0.08%	205 999	4.18%
<b>Total F. Chesnais</b>	<b>224 598 424</b>	<b>92.58%</b>	<b>224 598 424</b>	<b>4.27%</b>
Other shareholders	17 989 076	7.42%	17 989 076	95.73%
<b>Total</b>	<b>242 587 500</b>	<b>100.00%</b>	<b>242 587 500</b>	<b>100.00%</b>

Registered shares may benefit from a double voting right if held for at least two years. At the date of this Document, no share is entitled to double voting rights.

There are no other shareholders who directly, indirectly or jointly own 2% or more of the Company's issued capital or voting rights.

The shares of the Company are listed on Euronext since October 26, 2021. The ticker is ALCBI.

Each share entitles the holder to one vote on each of the resolutions submitted to the shareholders. A double voting right is attached to all the existing paid-up shares held by the same shareholder for a minimum of two years, as well as to any shares subsequently acquired by the same shareholder by exercising the rights attached to these registered shares.

## Dividends

The Board of Directors may propose the distribution of dividends to the Company's shareholders up to the full amount of the Company's profit and distributable reserves. These distributions are made as decided by the Company's shareholders during a General Meeting. The Company has not made dividend payments for the past three years.

## Non-current financial assets

Financial assets consist of securities of non-consolidated companies, investments in related companies, derivative instruments not designated as hedges, deposits and loans, marketable securities, cash and cash equivalents, and trade receivables.

Financial assets are classified as "non-current", except for those due less than 12 months after the reporting date, which are classified as "current assets" or "cash & cash equivalents", as appropriate.

Financial assets held by the Company are classified based on the business model and its objectives:

- assets measured at amortized cost (financial assets held in order to collect the contractual cash flows),
- assets measured at fair value (financial assets held for resale and to collect the contractual cash flows).

The classification depends on the nature and objective of each financial asset and is determined when it is initially recognized.

The list of subsidiaries and participations of the Company as follows:

Amounts in KC	Capital stock	Shareholders' equity (excluding capital)	Ownership interest (%)	Carrying amount of securities held:		Loans and advances outstanding	Revenue for the last fiscal year	Profit (loss) for the last fiscal year	Notes
				Gross	Net				
A Subsidiaries (more than 50%-owned)									
OP Productions, LLC	-	-	77,3%	-	-	-	-	-	FY ended 31/12/2021
Free Reign East, LLC	-	-	77,3%	-	-	-	-	-	FY ended 31/12/2021
B Investments (ownership interest of between 10% and 50%)									
National Carrier Exchange	-	-	0,0%	-	-	-	-	-	FY ended 31/12/2021

## Proposed allocation of income

The result of the fiscal year will be entirely allocated to reserves, no dividend distribution is planned.

## RISK DISCLOSURES

Investors are invited to take into consideration all the information presented in this document, including the risk factors specific to the Company and/or the Group described in this current section, before deciding to acquire or subscribe for shares in the Company.

The Company has reviewed the risks that could have a material adverse effect on the Company and/or the Group, its business, financial situation, results, outlook, or its capacity to achieve its objectives. As of the date of approval of this document, the Company is not aware of any material risks other than those presented in the current section.

Investors' attention is however drawn to the fact that the list of risks and uncertainties described below is not exhaustive. Other risks or uncertainties, that are unknown or whose realization is not considered by the Company, as of the date of approval of this document, to be likely to have a material adverse effect on the Group, its business, financial situation, results or outlook, may exist or could become important factors that could have a material adverse effect on the Group, its business, financial situation, results or outlook.

The risk factors below are presented according to their materiality from highest to lowest as of the filing date of this document and, when possible, quantitative information on the materiality of the risk factor is provided.

These risks are classified into 4 categories without any hierarchy between them:

- Risks related to the COVID-19 pandemic;

- Financial risks;
- Risks related to the Group business and its organization;
- Legal risks;

Within each category, the most important risks according to the evaluation made by the Company are presented first, given their negative impact on the Company and the Group and the probability of their occurrence as of the date of filing of this document.

### **Risks summary table**

Type of risk	Degree of risk criticality
Risks related to the covid-19 pandemic	moderate
Financial risks	
Risks associated with equity participations	high
Risks associated with new business sectors	high
Liquidity risk and risks associated with going concern	low
Foreign exchange risk	moderate
Credit risk	low
Risks associated with tax regulations	low
Risks associated with the blockchain business model	moderate
Risks associated with the lifetime and success of the blockchain-based products	high
Risks associated with industry competition	high
Risk related to the departure of key personnel	high
Risk associated with hiring needs	moderate
Risks relating to the company's board of director and potential conflicts of interest	moderate
Risks associated with customer dependency	low
Risks associated with dependency on a limited number of games and delayed releases of key games	high
Risks related to new technology	high
Ukraine – Russia war	low
Legal risks	
Legal risks	moderate
Risks associated with the group's regulatory environment	moderate
Risks related to data security	moderate
Measures implemented to risks coverage	
Protection of intellectual property rights	moderate

#### **1. Risks related to the COVID-19 pandemic**

The Group is confronted, like every other company, with the generic risk represented by the Covid-19 pandemic. In this period of global crisis, the Group has taken the necessary measures to protect the health of its employees and partners, while ensuring the continuity of its operations. The Group has deployed its digital and organizational solutions and has favored systematic remote working arrangements by giving all its employees access to the necessary collaboration tools allowing remote work in the best possible conditions while maintaining the cohesion of the teams.

The impact is still difficult to quantify. Without being exhaustive, the risk factors identified are the following:

- A negative impact on the health of Group employees or those of partner studios;
- Disruption of supply chains;
- Interference with the renewal of licensing agreements, generators of profits and royalties for the Group;
- Cash-flow problems for CBI in case of potential difficulties experienced by partners;
- Interference with the development of the casino game activities in Africa;

In this uncertain context, the CBI Group is carefully monitoring the situation and its impacts and will continue to keep its clients and shareholders informed as the situation evolves.

The Company has evaluated these risks as **moderate**, given progress made with vaccines.

## **2. Financial risks**

### **Risks associated with equity participations**

As part of its licensing business, the Group may purchase unlisted securities. These securities are registered at their fair value.

The Company has evaluated these risks as **high**.

Given their lack of liquidity, these securities are more difficult to value and dispose than listed shares. Their value is also more sensitive to significant and rapid variations, as these companies are generally start-ups operating in high-growth industries and are most often in the fundraising phase. The risk of default or impairment on these investments is accordingly higher, given their characteristics.

### **Risks associated with new business sectors**

The Group is further expanding into new activities, including blockchain projects and crypto-currencies. Insofar as possible, the Group seeks to grow via co-investments and partnerships in order to accelerate its acquisition of expertise and to share the risks involved, but also through direct operations, i.e. businesses in which the Company is the operator, takes responsibility for the operations, instead of being a passive investor.

Nevertheless, the Group is therefore assuming a higher level of risk, insofar as it is necessary to acquire new expertise and build strong positions in these new sectors, which could lead to higher losses in the early stages of an investment.

The Company has evaluated these risks as **high**.

Development of these new sectors requires a particular analysis of revenue potential and the contractual risk taken on, and there is a risk that, during the start-up phase, such projections by the Group will not be as accurate as desired.

More generally, the realization of the plans, their operation budget and financing plan remain inherently uncertain, and the non-realization of these assumptions may impact the value of certain Group assets as well as Group liabilities.

### **Liquidity risk and risks associated with going concern**

The Company has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payments in time. Information on the going concern assumption and indebtedness is presented in Notes 2.1 & 12 to the consolidated financial statements included in this document.

The Company has evaluated these risks as **low**.

The main reason is the fact that, as of the date of the present document, the Company has no third-party debt and is fully financed. In addition, the Company has access to alternative sources of financing such as the pre-sales of tokens to fund the development of the games.

### **Foreign exchange risk**

The parent company is responsible for risk management according to the context of the financial markets and the procedures established by management. Foreign exchange transactions are carried out according to local laws and access to the financial markets. Subsidiaries may enter contracts directly with local banks under the supervision of the parent company and in accordance with the Group's procedures and policies.

Foreign exchange risks related to the financing of subsidiaries are concentrated at the level of the parent company and where appropriate, specific hedges are put in place according to the financing strategies envisaged. The Group has not implemented a currency hedging policy on these amounts.

Each of the main currency zones (euro, US dollar) is overall balanced between cash inflows and disbursements. For this reason, the Group has not implemented a currency hedging policy on its commercial operations.

The Company has evaluated this risk as **moderate**.

The main reason is that the revenue and expenses of the company are balanced by currency area, i.e. the revenue and the expenses in US dollar and roughly equivalent, and it is the same for the euro zone. In addition, the Company does not speculate on crypto-currencies, i.e. crypto-currencies that are collected are sold against fiat and/or stable coins.

In terms of exposure, an unfavorable change in the euro/dollar rate would not have a significant impact on the overall currency position.

#### Credit risk

The Group is essentially an investment company.

The Company has evaluated these risks as **low**.

#### Risks associated with tax regulations

The Company has evaluated these risks as **low**.

The main reason is that the Company operates in stable countries, with tax regulations that are not subject to ample fluctuations or changes in a short timeframe.

### **3. Risks related to the Group business and its organization**

#### Risks associated with the blockchain business model

The blockchain business model is new, highly uncertain and will require many years to reach a stable situation.

The Company has evaluated these risks as **moderate** given the new nature of the business.

One aspect of the business model is very stable: the model of the Company is to invest in games, either offline or online, and to collect revenue by selling micro-transactions and certain in-game assets such as land, buildings and customization of avatars.

The main factor of uncertainty is the fluctuation of the price of the in-game assets, which can vary widely over short periods of time.

To mitigate the risk, the Company plans assuming low selling prices for the in-game assets.

#### Risks associated with the lifetime and success of the blockchain-based products

The main risks intrinsic to the blockchain business concern the lifetime of a given blockchain-based game or application and changes in technologies. Internally, the Company has to be able to manage in parallel multiple projects. In addition, in a highly competitive market, the Company's financial position and outlook depend on its ability to successfully develop games or applications that can meet users' expectations and obtain commercial successes. The commercial success of applications depends on the public's response, which is not always predictable.

Beyond all the technical means implemented to optimize the quality of each application launched, the Group seeks to protect itself against this risk by offering a balanced and diversified range of application combining different economic sectors.

The Company has evaluated these risks as **high** given the state of development of the blockchain technology.

#### Risk associated with industry competition

While the competitive dynamics vary across different gaming products and platforms, the overall gaming market remains extremely competitive. The industry is growing at a strong pace and constantly evolving, creating threats and opportunities for established players, as well as new entrants.



This remains true of the blockchain-based games and blockchain-based applications

Changes in technology and evolving consumer habits and demographics require companies to constantly reinvent themselves in order to remain relevant and secure their position in the market. In addition, blockchain is a new industry, with tremendous growth and innovation situations, which is an opportunity and a risk at the same time.

Competition is widespread and includes large players like Facebook, Ubisoft, and investment funds such as Andreessen Horowitz. Due to the lower barriers to entry, competition also includes a myriad of small developers.

The Company has evaluated this risk as **high**.

To mitigate the risk, the Company is selecting its investments and relying on existing games.

#### Risk related to the departure of key personnel

In the event of the departure of key personnel, the Group may encounter difficulties in replacing them and its activities may be slowed down. Similarly, its financial position, results, or ability to achieve its objectives could be affected.

The success of the Group largely depends on the involvement and the expertise of its management team, as well as the leaders of the operational entities. However, the team has a strong expertise and, furthermore, the Group CEO, Frédéric Chesnais, is the main shareholder of the Company (See Section MAIN SHAREHOLDERS in this document). That basically eliminates the risk of one key manager leaving the Company.

The Company has evaluated this risk as **high** even if Frédéric Chesnais is the main shareholder of the Company, has a substantial portion of his wealth invested in the Company and is less likely to resign.

The Group does not have a key personnel insurance policy and no "Executive Liability" insurance policy. More generally, the Group has no specific insurance policy and is re-evaluating its current needs depending on the business development in the short term.

#### Risk associated with hiring needs

The success of the Group is largely due to the performance of the technical teams and their management. Like most competitors, the Group faces difficulties in hiring personnel with specialized and experienced technical skills. The success of its growth strategy will depend on its ability to attract and retain its talent.

The Company has evaluated this risk as **moderate** for the following reasons: its operational impact is limited, and the current team has significant expertise.

#### Risks relating to the company's board of director and potential conflicts of interest

The Chief Executive Officer or the members of the Board of Directors may allocate their time to other businesses leading to potential conflicts of interest in their determination as to how much time to devote to the Company's affairs, which could have a negative impact on the Company's ability to complete its strategy.

Though Mr. Frédéric CHESNAIS has committed to devote a significant portion of his working time to the Company's affairs and to the exercise of his duties as Chief Executive Officer, none of the Chief Executive Officer or the members of the Board of Directors are required to commit their full time to the Company's affairs, which could create a conflict of interest when allocating their time between the Company's operations and their other commitments.

The Company may also be involved with one or more businesses and/or companies that have direct relationships with entities that may be affiliated with the members of the Board of Directors or the CEO. This may also raise potential conflicts of interest.

However, the Company considers it has a close interest between the Company's participation and the entity in which the board of Director may be affiliated.

Consequently, the Company has evaluated those risks as **moderate**.



#### Risks associated with customer dependency

The basis of clients is very diversified, and it is mainly comprised of individual players. No player represents more than \$2,000 of actual revenue. Therefore, the Company is not exposed to the risk of departure of a major client as there is no major client, and the risk of the number of players for one given game going down to -0- in a matter of days is very limited.

Consequently, the Company has evaluated these risks as **low**.

#### Risks associated with dependency on a limited number of games and delayed releases of key games

Although the Company pays particular attention to the quality of its games, it is nevertheless exposed to a risk of dependency related to the fact that it releases a small number of games, which correspond to a large portion of its revenue.

The Company mainly outsources its development projects to independent developers hired via contract, who may not be able to release the game on schedule or who may be forced to suspend production. In addition, the Group may not find suitable developers for certain games, or the developers' level of competence may be insufficient to obtain the quality necessary for a game to succeed. The developer may also experience financial difficulties, change key members of its team, or face any other difficulty that may cause significant delays or the abandonment of a game.

Although the Group carefully chooses its external developers and the rigor of their production processes, the risk of delayed or even canceled games cannot be totally eliminated. The delayed release of major games or their abandonment could have a material adverse effect on the Company's financial position. In order to reduce these risks, the Company is seeking to increase internal technical expertise by hiring key personnel in the areas of technology, art and executive production, whilst applying strict criteria to the selection process for external development studios.

The Company has evaluated these risks as **high** given the importance of intellectual property and innovation within the Group's value chain.

#### Risks related to new technology

The Group's strategy, focused on crypto-currencies and blockchain-based applications, involves a significant development of new applications. If the Group cannot generate the revenue and gross margins contemplated in the budget for these applications, the Group's financial position, revenue, and operating profit will suffer.

For the Group's success, management believes that the Company needs to invest in as many applications as possible, carefully selected, and succeed at monetizing them, while also significantly increasing the number of users of the Group's applications. The Group's efforts to increase revenue from applications may not be successful or, even if they are, the time it takes to draw significant revenue from them may be longer than expected. The risks inherent in these applications are due to the changing nature of the applications. For this reason, it is difficult for the Group to accurately forecast sales. In addition, the direct nature of sales significantly increases competition; it also makes it more difficult to promote the Group's applications.

Some of our competitors may have more resources to invest in the development and publishing of these applications, which makes competition fiercer. In addition, this can lead to lower marketing opportunities, complicating coordinated marketing efforts. Finally, price sensitivity is increased due to the changing nature of the blockchain business.

The Company has evaluated this risk as **high** given its operational impact is more limited than for other risks.

#### Ukraine – Russia war

In the current context linked to the situation in Ukraine and the consequences of the sanctions imposed on Russia, CBI is monitoring the possible repercussions on its activities and its risks. To date, the exposure of CBI is almost non-existent on its activities and assets. The Company has evaluated this risk as **low**.

### **4. Legal risks**

#### Legal risks

In the normal course of their business, Group companies may be involved in a number of legal, arbitral, administrative and tax proceedings. In the event of claims made against the Group by one or more of its contracting parties, or by any other interested party, such claims, irrespective of their validity, can significantly harm the business of the Group, its operating results and its outlook. Litigation is handled within the Group, working with external counsel.

The Company has evaluated these risks as **moderate** given the fact that to the best of the Company's knowledge, as of the date of this document, there is no claim by any part of a government, no judicial or arbitration proceedings, including any ongoing proceedings or threat of litigation, which could have a material impact on the financial position of the Group and its profitability, or has had such an impact during the last 12 months.

#### **Risks associated with the group's regulatory environment**

The Group must comply with many national regulations on the content of applications and the protection of consumer rights. Failure to comply with these regulations may have a negative impact on sales and on customer loyalty.

The Company has evaluated these risks as **moderate**, as the Group ensures that it complies with all applicable regulations. In particular, the Group relies on a team of external lawyers to keep the business up-to-date with applicable regulations in the European Union, the main area of operations.

#### **Risks related to data security**

Legislation and regulations relating to the confidentiality and security of personal data are constantly changing, and if the Group does not comply with them, or gives the impression that it does not, its business might suffer.

The Group is subject to legislation from France, the United States and other countries regarding the confidentiality and security of personal data that the Group collects from its users; these laws are constantly changing and will continue to do so for some time.

The US government, particularly the Federal Trade Commission and Department of Commerce, has announced that it is currently looking into whether there needs to be more significant regulations on collecting information about consumers' behavior on the Internet, and the European Union has instituted the GDPR policy. Various governments and consumer groups are also calling for new regulations and changes in industry practices. If the Group does not comply with laws and regulations regarding the confidentiality of personal data or if its practices in that regard were found to be suspicious by consumers, even if those suspicions were unfounded, this could harm the Group's reputation, and operating income could suffer.

The Company has evaluated these risks as **moderate**, as there is a risk that these laws could be interpreted and applied in a contradictory fashion from one state, country, or region to another, and that such an interpretation might not reflect the practices in effect within the Company. The Company might need to make additional spending and alter its business practices in order to comply with these various obligations. Finally, if the Group were unable to sufficiently protect its users' confidential information, they might lose confidence in its services, which could negatively affect the Group's business.

### ***Measures implemented to risks coverage***

#### **Protection of intellectual property rights**

In order to minimize the risks described above, the Group uses procedures to formalize and obtain legal and technical approval for all production and marketing stages for its products. Specialized lawyers manage, oversee, and acquire intellectual property rights for the Group. The Group also works with law firms recognized for their expertise in this area and uses intellectual property monitoring services. The Group registers the brands and copyrights of its products in the countries it deems necessary, mainly in Europe, the United States, and other major countries.

The Group does not register patents for its applications and is not dependent on any particular patent.

The Company has evaluated these risks as **moderate**.

## SUBSEQUENT EVENTS

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The subsequent events are as follows:

**Purchase of Xave World Music:** CBI signs enters into an agreement to purchase Xave World Music focused metaverse on April 29 2022. Xave is , a blockchain-based technology company based in Barcelona and Argentina that has been developing a music metaverse. Completion is expected to occur during the financial year 2022-2023.

**Borrow of Company shares:** In April 2022, the Company borrowed 2 million CBI shares from its main shareholders, Ker Ventures, SARL. The loan is short-term, valued at Euro 3.2 million and bears interest at 2% per annum. This is a regulated agreement.

**Metacoaster:** the first play-to-earn game developed directly by CBI within AlphaVerse. It is a theme park management game with multiplayer and solo options. With MetaCoaster's play-to-earn and massively multiplayer modes, the roller coasters, flat rides and restaurants are NFTs. Sales are starting up with the plots of land and roller coasters, which will be followed by flat rides and restaurants. The decorative elements (seating, barriers, trees), related buildings (park entrances, ticket offices, etc.) and roads are classic objects.

**Qtopia:** the first metaverse dedicated to the LGBTQ community. It will provide an exclusive online space to promote LGBTQ culture and advocacy, coordinating different initiatives for this community, with a portion of the proceeds from sales donated to LGBTQ charities and organizations. This fully immersive universe will include houses and other virtual places for its users to meet and share, both in and beyond the virtual world.

**War in Ukraine:** In the current context linked to the situation in Ukraine and the consequences of the sanctions imposed on Russia, CBI is monitoring the possible repercussions on its activities and its risks. To date, the exposure of CBI is almost non-existent on its activities and assets.

Apart from these events, no other significant event occurred between March 31, 2022 and the date on which the accounts were approved by the Board of Directors.

## EXECUTIVE COMPENSATION AND BENEFITS

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CBI's corporate officers are its directors, and the Chief Executive Officer is the only director to have an executive position.

The General Shareholders' Meeting approves the principles and criteria for determining, distributing and allocating the fixed and variable components of the overall compensation package and benefits of any kind to be awarded to the Company's executive officers in accordance with Article L.225-37-2 of the French commercial code.

### *Compensation for the chairman and chief executive officer for FY 2021-2022*

#### Annual fixed compensation

There is a fixed monthly compensation which is equivalent to a monthly salary of twenty-five thousand (25.000) euros. However, as Mr. Frédéric Chesnais is treated as a consultant, the Company pays him the full cost that would be borne by the Company if he were an employee, and Mr. Frédéric Chesnais pays himself any social protection, retirement plan and/or social contributions. The gross amount thus paid by the Company amounts to forty-two thousand (42.000) euros, and such amount is paid either to Mr. Frédéric Chesnais and/or to an entity Mr. Frédéric Chesnais controls, depending on Mr. Frédéric Chesnais's location and/or the place of work.

#### Variable compensation / Options

The Board of Directors decided, as recommended by the Nomination and Compensation Committee, to allocate to the management team a pool of carried interest for each investment, equal to 20% of the return on investment generated by the Company after an annual hurdle rate of 10%. Mr. Frédéric Chesnais is allocated 40% of such pool, the balance of the pool being allocated to the investment team and the board. The individual members of that management team are selected from time to time by the Compensation and

Nomination Committee. The allocation among the members of such management team is decided by the Board of Directors, upon recommendation of Compensation and Nomination Committee.

The Board of Directors also decided, as recommended by the Nomination and Compensation Committee, to allocate an annual discretionary bonus which could represent (except in exceptional circumstances) between 0% and 100% of the annual fixed compensation paid, incorporating the following elements: level of revenue, EBITDA margin, cash generation, share price performance, growth in recurring net earnings per share, which makes it possible to take into account all the other elements on the income statement, as well as various objective criteria related to the activity, in addition to the return on investment allocated under the prior paragraph.

In addition, under the delegation of authority granted by the General Meeting, the Board of Directors reserves the right to award stock options as part of an option plan.

In addition, in the event of a listing of the shares of the Company and unless such bonus has already been paid during a prior year, Mr. Frédéric Chesnais will be allocated a fixed bonus of 250,000 euros, to be grossed up for any social protection, retirement plan and/or social contributions in the same proportions as the ones indicated above for his monthly compensation, i.e. amounting to a total cost of 420,000 euros. This bonus will be paid during the year 2022-2023.

In the event of a creation of a crypto currency by the Company, fifteen per cent (15%) will be set aside for compensation of the Management team, of which eight per cent (8%) for the Chief Executive Officer.

#### Compensation due for directorships

See following paragraph.

### **COMPENSATION FOR DIRECTORS**

#### Annual fixed compensation

There is no fixed compensation.

#### Compensation due for directorships

The directors receive compensation for their office (previously "directors' fees"). The maximum budget for the compensation to be distributed between the directors is voted on by the General Shareholders' Meeting, as proposed by the Board of Directors, based on recommendations from the Nomination and Compensation Committee, taking into account the Company's interests.

For FY 2021-2022 and the following years, the Board of Directors set, subject to approval by the General Meeting deliberating on the financial statements for the year ended March 31, 2022, the compensation for directorships to 25,000 euros per year.

In addition, each Director other than the Chief Executive Officer will be allocated a fixed bonus of 50,000 euros in the event of a listing of the shares of the Company, unless such bonus has already been paid during a prior year.

In addition, 5.0% of the pool of carried interest is split equally among the directors.

In the event of a creation of a crypto currency by the Company, five per cent (5.0%) will be set aside for compensation of the directors, of which two per cent (2.0%) for the Chairman of the Board and one and a half per cent (1.5%) for each director.

#### Compensation for non-executive corporate officers

None.

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This compensation policy was approved at the General Shareholders' Meeting on January 6, 2021 and further approved on July 22, 2021.

#### Compensation of Alain Scémama, Legal Director

Mr Alain Scémama joined the Company on December 1, 2021 and receives gross annual compensation of €100,000.

### ***WORKFORCE FOR FISCAL YEAR 2022-2022***

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As of March 31, 2022, the company had six employees.

### ***CBI SA STOCK OPTION PLAN***

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At March 31, 2022, the Company has no stock-option plan.

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In Paris, France, June 30th, 2022

**Crypto Blockchain Industries, SA**

Represented by Frédéric Chesnais

## II. CONSOLIDATED FINANCIAL STATEMENTS 2021-2022

### 12-MONTH FINANCIAL PERIOD ENDED MARCH 31, 2022

#### INCOME STATEMENT

(000's of ₺)	March 31, 2022	March 31, 2021
Revenue	-	-
Other income	4,280.7	-
Cost of goods sold	(487.1)	-
<b>GROSS MARGIN</b>	<b>3,793.6</b>	<b>-</b>
Research and development expenses	(538.5)	-
Marketing and selling expenses	(562.5)	-
General and administrative expenses	(749.6)	(5.0)
Other operating income (expense)	-	-
<b>CURRENT OPERATING INCOME (LOSS)</b>	<b>1,943.0</b>	<b>(5.0)</b>
Restructuring costs	-	-
Other income (expense)	0.0	-
<b>OPERATING INCOME (LOSS)</b>	<b>1,943.0</b>	<b>(5.0)</b>
Cost of debt	(62.2)	-
Other financial income (expense)	2,044.7	-
Income tax	-	-
<b>NET INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>3,925.5</b>	<b>(5.0)</b>
Net income (loss) from discontinued operations	-	-
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>3,925.5</b>	<b>(5.0)</b>
Group share	3,807.0	(5.0)
Minority interests	118.5	0.0
Basic earnings per share (in euro)	0.016	-
Diluted earnings per share (in euro)	0.016	-

## BALANCE SHEET

ASSETS (000's of ₺)		March 31, 2022	March 31, 2021
Intangible assets	Note 3	11,014.5	-
Property, plant and equipment		11.8	-
Rights of use relating to leases	Note 4	2,236.2	-
Non-current financial assets	Note 5	8,144.9	-
Deferred tax assets	Note 21	-	-
<b>Non-current assets</b>		<b>21,407.4</b>	<b>-</b>
Inventories	Note 6	2,828.5	-
Trade receivables	Note 7	440.4	-
Other current assets	Note 8	-	-
Cash and cash equivalents	Note 9	2,647.2	37.0
Assets held for sale		-	-
<b>Current assets</b>		<b>5,916.1</b>	<b>37.0</b>
<b>Total assets</b>		<b>27,323.5</b>	<b>37.0</b>

EQUITY & LIABILITIES (000's of ₺)		March 31, 2022	March 31, 2021
Capital stock		24,258.8	37.0
Share premium		-	-
Consolidated reserves		(10,446.8)	-
Net income (loss) Group share		3,807.0	(5.0)
<b>Shareholders' equity</b>	Note 10	<b>17,619.0</b>	<b>32.0</b>
Minority interests		206.6	-
Provisions for non-current contingencies and losses	Note 11	0.0	-
Non-current financial liabilities	Note 12	4,573.4	-
Deferred tax liabilities		-	-
Long term lease liabilities	Note 13	2,015.6	-
Other non-current liabilities	Note 14	-	-
<b>Non-current liabilities</b>		<b>6,589.0</b>	<b>-</b>
Provisions for current contingencies and losses	Note 11	-	-
Current financial liabilities	Note 14	-	-
Short term lease liabilities	Note 13	236.5	-
Trade payables	Note 14	2,559.2	5.0
Other current liabilities	Note 14	113.2	-
<b>Current liabilities</b>		<b>2,908.9</b>	<b>5.0</b>
<b>Total equity and liabilities</b>		<b>27,323.5</b>	<b>37.0</b>

The following notes are an integral part of the Company's financial statements for the 12-month period ended on March 31, 2022 with a balance sheet total of €27,323.5K and the income statement presenting a profit of €3,807.0K.

n/a: not applicable

## CASH FLOW STATEMENT

(000'S of €)	March 31, 2022	March 31, 2021
<b>Net cash (used)/generated in operating activities</b>	<b>1,341.5</b>	<b>-</b>
of which continuing operations	1,341.5	-
<b>Net cash (used)/generated in investing activities</b>	<b>(21,469.6)</b>	<b>-</b>
of which continuing operations	(21,469.6)	-
of which intangible assets and fixed assets	(11,026.3)	-
<b>Net cash provided (used in) by financing activities</b>	<b>22,738.3</b>	<b>37.0</b>
of which continuing operations	22,738.3	37.0
of which interest paid	(0.5)	-
<b>Other cash flows</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalent</b>	<b>2,610.2</b>	<b>37.0</b>

## STATEMENT OF CHANGE IN SHAREHOLDER'S EQUITY

(000's of euros)	Number of shares	Capital stock	Other paid in capital	Legal reserve	Retained earnings	Profit (Loss)	Total
<b>Shareholders' equity 03/31/2021</b>	<b>37,000</b>	<b>37.0</b>	<b>-</b>	<b>-</b>	<b>(5.0)</b>	<b>-</b>	<b>32.0</b>
Net income	-	-	-	-	-	3,807.0	3,807.0
Contribution in kind	18,000,000	18,000.0	5,000.0	-	-	-	23,000.0
Private Placement	1,300,000	1,300.0	1,300.0	-	-	-	2,600.0
Split of nominal value by 10	174,033,000	-	-	-	-	-	-
Repayment of loan	700,000	70.0	70.0	-	-	-	140.0
Allocation of free shares (1 for 4)	48,517,500	4,851.8	(4,851.8)	-	-	-	-
Expenses	-	-	(809.8)	-	-	-	(809.8)
Restatement IFRS 16	-	-	-	-	(435.3)	-	(435.3)
Repurchase of Atari Warrant	-	-	-	-	(10,716.9)	-	(10,716.9)
Currency translation adjustments / Others	-	-	-	-	2.0	-	2.0
<b>Shareholders' equity 03/31/2022</b>	<b>242,587,500</b>	<b>24,258.8</b>	<b>708.5</b>	<b>-</b>	<b>(11,155.2)</b>	<b>3,807.0</b>	<b>17,619.0</b>

## BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

Crypto Blockchain Industries, SA ("CBI" or the "Company") is a French-law company.

The financial year of the Company is from April 1 to March 31.

The present financial statements are presented as at March 31, 2022 for the entire Financial Year 2022, i.e. April 1, 2021 to March 31, 2022. Since this is the first year of CBI, with the company listing in November 2021, CBI operating results for the fiscal year is based on 4 months of activity.

The annual financial statements are prepared and presented in accordance with Articles 832-2 and 833-2 of the French Commercial Code as well as the accounting regulations of the Accounting Standards Authority (ANC Regulation No. 2014-03 of June 5, 2014 updated for the various additional regulations on the date of the establishment of the said annual accounts).

## COMPANY PRESENTATION

CBI is one of the very few companies offering a global investment approach, covering all domains of the Crypto Blockchain Industries, investing after careful selection in the portions of the value chain offering the best opportunities:



- Operating Businesses: CBI controls, alone or with partners, its own blockchain business (transportation, games)
- Investments: CBI invests in start-up companies; CBI also invests and assists existing companies in a digital transition to the blockchain space
- Intellectual Properties: CBI can invest into property rights (IPs), building its own portfolio of IPs
- Portfolio Management: CBI holds and manages a portfolio of crypto-currencies and tokens, and also owns highly liquid assets such as cash and listed shares in the videogame/blockchain space

CBI's investment strategy is to keep investing in ongoing businesses and start-up companies, as well as crypto-currencies and tokens.

CBI's permanent focus is to build the portfolio, maximize Return On Investment and operate on very low overhead, targeting the best opportunities in the industry. CBI uses financing techniques to leverage its resources, with a constant focus on securing guarantees in order to protect the downside.

The complementary nature of these business lines enables the optimization of synergies.

The corporate purpose of the Company CBI, in accordance with article 2 of its by-laws, in France or abroad, directly or indirectly, is:

- the design, production, publishing and distribution of all blockchain, multimedia and other services providing an interactive experience, of any nature whatsoever, in any form including software, data processing and content – either interactive or otherwise – for all media and by means of all present and future means of communication;
- the purchase, sale, supply and more generally distribution of all products and services related to the foregoing;
- the creation, acquisition, use and management of intellectual and industrial property rights or other in rem and in personam rights, including by means of assignment, licensing, patents, trademarks and other copyrights;
- the acquisition, the search for partnerships and the acquisition of interests in other firms, including the formation of new entities and the issuance, subscription or transfer of securities in any business directly or indirectly related to the foregoing or to the products and ideas developed by the Company;

## NOTES TO THE STATUTORY CONSOLIDATED STATEMENTS

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### NOTE 1 – HIGHLIGHTS OF THE PERIOD

The year 2021-2022 has allowed the company to establish the basis for its development and to start its activity.

**The highlights of the period are as follows:**

#### 1. Creation of the Crystal token (CRYS) and first sales

In September 2021, 600 million units of the Crystal (CRYS) token, the crypto-currency to be used in AlphaVerse, were created on the Binance Smart Chain.

The first sales of CRYS and NFTs occurred in November 2021.

#### 2. Continued impact of the Covid-19 pandemic

In response to the current health crisis, the Company has taken the necessary measures to ensure the safety of its employees and the continuity of its operations, despite the continuation of work-at-home arrangements still in place as of the date of this document. The duration of this situation and its proportions are not predictable. The consequences vary considerably depending on the Company's various activities, with an expected negative impact on licensing activities due to delays in the renewal of license contracts. A positive impact has been observed for video game revenues.

The impact of Covid-19 is being closely monitored by the Company in order to take the necessary measures according to the situation.

### 3. Ukraine and Russia conflict

Crypto Blockchain Industries (CBI) is not exposed with the situation in Russia and Ukraine. CBI does not have any suppliers, clients, employees, affiliates or financial link with Russia and Ukraine.

CBI monitors the situation in a daily basis and will take all necessary actions to minimize the risk.

### 4. Investments in new projects

One of the major goals of the Company is to develop an online persistent world operating on the blockchain, i.e. a "Metaverse" (as defined below). This Metaverse is called "AlphaVerse".

Such Metaverse will incorporate major brands, to attract more players by taking advantage of the awareness of such brands.

The Company has recently achieved major milestones:

#### Continued development of MetaCoaster universe

- MetaCoaster universe, a blockchain theme park simulation game for the AlphaVerse metaverse. MetaCoaster will be free to access in AlphaVerse, with various modes from solo to multiplayer, with a wide range of challenges and experiences enabling the community to acquire virtual plots, build and develop theme parks, and organize tournaments. Players will have full responsibility for managing their parks: the plots and décor can be adjusted (locations of roller coasters, rides, restaurants, etc.) and attractions be built or demolished.

#### Execution of licenses

- **United at Home:** License with the charity program founded by David Guetta.
- **Raverse collective:** new partnership with the Raverse collective for the development of the AlphaVerse metaverse and NFT sales on the blockchain. With a view to diversifying the content, these universes, focused on digital arts and rave music, will be able to use explicit content from the Raverse collective. In every AlphaVerse world, young artists will be able to create their own communities, sharing and selling their creation, as well as developing new projects.
- **Horyou:** joining forces along with Horyou Foundation to create a metaverse and token focused on humanitarian action and preserving the planet. Horyou, a global platform promoting a more humanistic approach to technology by bringing together stakeholders promoting social good, will develop with CBI a dedicated universe - Horyou AlphaVerse - within its metaverse and NFTs. The licensing partnership between CBI and Horyou includes selling dedicated NFTs for this new universe within AlphaVerse, through the creation of a token called "LIGHTS".

L'utilisation de licences tierces est toujours soumise à l'accord préalable du titulaire des droits.

#### **Definition of a metaverse/ Overview of the experience**

The "Metaverse" refers to a shared online world developed featuring various themed or branded environments. Users can interact freely within them, sharing in virtual experiences that combine social interaction with the best of online gaming. Metaverses are composed of a series of 2D or 3D virtual plots that link into a homogenous universe. They may include some sections, parts, levels and/or which are not developed on a blockchain platform.

The Metaverse will be composed of several sub-universes, some of which will be branded and others not. CBI intends to acquire a wide variety of licenses in order to offer an expansive and diverse experience for users.

Third-party operators will be able to run their own sections under agreements with the metaverse, i.e. through revenue share. Each universe will provide its own unique feel, style, and experience for users, creating a rich world for players to interact in.

Some of the activities and games will be developed and operated by the publisher, while others will be run by the users themselves through the use of in-game tools.

Overall, the goal of the metaverse is to:

- Offer users interactive experiences directly created by the metaverse. This will include non-playable

characters and "Players vs. Environment" settings for players.

- Offer tools to players so they can create their own experiences. The community will create their own games and assets through the use of in-game builders, which they can later monetize and sell (with a revenue share to the publisher – such as User Generated Content). For example, a player can create his or her own collection of NFTs and sell them to the other players, with a % being taken by the publisher.

### **Timeline**

CBI's goal is to launch a Beta version of the Metaverse in fiscal 2022/2023.

### **Sources of Revenue**

The Company plans to derive its revenue through the following sources:

- Sale of Crystal Tokens
- Sale of virtual land NFTs
- Sale of infrastructure NFTs: This includes buildings, monuments, display galleries/museums, roads/bridges for use on within land parcels. There will be different types of buildings and vehicles. Roads, bridges, signage and equivalent items will also be made available.
- Sale of Avatars.
- Sale of consumables: this includes the following potions or digital consumable [weapons, ammo, food, drinks, gas, fuel for vehicles, etc..] that can be used for gameplay and for certain upgrades in the metaverse.
- Sale of cosmetics: this includes any type of digital wearable items (such as t-shirts or robes), customizable avatars, skins for avatars, digital pets, other assets.
- Sale of games inside the metaverse.

### **Additional licenses**

The Company is in the process of negotiating additional brand licenses for the Metaverse, in many sectors such as music, in order to provide a broad experience to the players.

## **5. Rent for premises**

The Company has entered into a lease agreement with respect to premises located at 68 bis rue Charles-Laffitte à Neuilly-sur-Seine (France) as from November 1, 2021, for a monthly lease of 25 000 euros. Mr. Frédéric Chesnais did abstain from voting as he is interested to this transaction since he has indirect ownership in the leased property.

## **6. Contribution in kind of September 2021**

Ker Ventures contributed assets to the Company, in exchange for new shares being issued as well as a deferred payment recorded as a shareholder's loan. This asset contribution has been reviewed by Mr. Antoine Legoux, appointed on January 25, 2021 as Commissaire aux Apports by unanimous decision of the shareholders of the Company. The extraordinary meeting of shareholders of the Company has approved such contribution of assets and the issuance of the shares by Company on July 22, 2021.

Mr. Antoine Legoux delivered his report on May 12, 2021. In Section II.3 of such report, it was set forth that, in the event of a variation of more than 10% of the valuation of the listed assets, the shareholders would update the value of such listed assets by using a more recent reference.

In accordance with the provisions of such report, the valuation of the listed assets contributed (Atari shares, Atari tokens) has been updated given their intrinsic volatility. These listed assets have been valued on the basis of a six-month volume-weighted average, i.e. respectively euro 0,5582 per share for the 3,500,000 Atari shares and euro 0,311 per token for the 30,000,000 Atari Tokens, averages measured as at July 8, 2021.

There is no restriction on the use of cash available and of the assets of the Company, and the sale of the Atari tokens is partially restricted until March 31, 2022 so as not to add to the market volatility.

18,000,000 new shares were issued by the Company, for a nominal value of 18 million euros, together with a premium of 5 million euros, and a shareholder loan was entered into for the balance of 4.5 million euros. This shareholder loan has a 5-year term, is repayable in *fine*, and bears interest at the legal interest rate.

Such contribution was completed on September 24, 2021, as follows:

(000's of euros)	Capital Increase	US\$
Cash	549.1	635.3
Atari Shares	1,953.0	2,259.6
Crypto-currencies	9,338.6	10,804.7
Investments in companies	12,171.6	14,082.6
Investments in companies	3,438.0	3,977.7
<b>Total contribution</b>	<b>27,450.2</b>	<b>31,759.9</b>
Issuance of shares	18,000.0	20,826.0
Consolidation premium	5,000.0	5,785.0
Shareholders' Loan	4,450.2	5,148.9
<b>Total compensation</b>	<b>27,450.2</b>	<b>31,759.9</b>

As a result, as at September 30, 2021, the share capital of the Company amounts to 18,037,000 euros, divided in 18,037,000 shares of 1 euro of nominal each.

### 7. Borrow of company shares

In October 2021, the Company borrowed 70,000 CBI shares from its main shareholders, Ker Ventures, SARL. The loan was short-term, valued at Euro 140K and bore interest at 2% per annum. This is a regulated agreement. This loan has been repaid in full by issuance of the same number of shares.

### 8. Split of nominal value and allocation of free shares

The extraordinary meeting of shareholders of December 29, 2021 decided the division of the nominal value of the Company by 10, bringing the nominal value of the shares from 1 euro to euro 0.10.

In January 2022, 1 free share was allocated for every 4 shares held.

As at March 31 2022, the Company's subscribed and fully paid-up capital totals is €24,258,750 divided into 242 587 500 shares with a par value of €0.10. The number of voting rights assigned to the Company's shares is 242 587 500.

#### Evolution of the shares count during the financial year

March 31, 2021		37,000
24/09/2021	Contribution in kind	18,000,000
12/10/2021	Private Placement	1,300,000
12/01/2022	Split of nominal value by 10	174,033,000
18/01/2022	Repayment of loan	700,000
27/01/2022	Allocation of free shares (1 for 4)	48,517,500
<b>March 31, 2022</b>		<b>242,587,500</b>

## 9. Repurchase and cancellation of the Atari warrant

CBI signed on March 29, 2022, a settlement with ATARI in which it was agreed as follows:

- Atari transferred back to CBI the warrant allowing Atari to acquire 5% of the capital of CBI at par value (0,1 euro per share), and such warrant was cancelled.
- CBI did pay \$110,000 and did transfer to Atari the ownership of 3.5 million Atari shares held by CBI.
- CBI did not participate in the ongoing capital increase of Atari.
- Atari and CBI did mutually prohibit each other from acquiring securities issued by the other entity for a period of 5 years.
- The license granted by Atari to CBI allowing the latter to exploit certain Atari assets in the metaverse was terminated with immediate effect; the Atari NFTs already sold by CBI did remain in circulation.

The impact on the statutory financial statements is set forth in Note 10.4.

## NOTE 2 – ACCOUNTING RULES AND METHODS

### 2.1. General Principles

The Company's financial statements have been prepared in accordance with IFRS (standards and interpretations) as adopted in the European Union and mandatory from April 1, 2021, with the exception of the new rules and interpretations, whose application is not mandatory for the 2021-2022 financial year and whose impact on the financial statements would be immaterial.

The Company's financial statements are presented in thousands of euros without any decimal or with one decimal, unless otherwise indicated. Figures rounded to the nearest thousand euros may in some situations lead to minor discrepancies in the totals and subtotals of the tables.

#### Methods and basis for the consolidation

All companies in which the Group exercises control, i.e. in which it has the power to govern their financial and operating policies in order to obtain benefits from their activities, are fully consolidated.

All of the consolidated companies are listed in the table below:

Company	Fiscal Year End	Country	% control		% interest	
			31/03/2022	31/03/2021	31/03/2022	31/03/2021
Active subsidiaries						
OP Productions, LLC	Dec 31	United States	77.3	77.3	77.3	77.3
Free Reign East, LLC	Dec 31	United States	77.3	77.3	77.3	77.3

### 2.2. Change in accounting methods

The company has adopted IFRS 16. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. The impact has been taken into account only for the current financial year and beyond, as the lease was entered into during the financial year.

### 2.3. Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate prevailing on the transaction date. On the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates prevailing at the balance sheet date. All differences are recorded in profit or loss for the period, except for differences on foreign currency

borrowings that constitute a hedge of the net investment in a foreign entity. These are directly charged to equity until the outflow of the net investment.

The exchange rates of the main currencies used by the Company are as follows:

	March 31, 2022		March 31, 2021	
	Closing rate	Average rate	Closing rate	Average rate
USD	1.1085	1.1010	1.1725	1.1675

#### **2.4. Non-current assets held for sale & discontinued operations**

None.

#### **2.5. Use of estimates**

The preparation of the individual financial statements in accordance with generally accepted accounting principles requires the Company to make a certain number of estimates and to adopt certain assumptions that it considers reasonable and realistic. These estimates and assumptions affect the amount of assets and liabilities, shareholders' equity, profits, and the amount of contingent assets and liabilities, as presented as of the balance sheet date.

Estimates may be revised if the circumstances on which they were based change, or as a result of new information. Actual results may differ from these estimates and assumptions.

The estimates and assumptions prepared on the basis of the information available as of the balance sheet date relate in particular to: valuations of non-current assets, recoverable amounts of deferred tax assets, provisions for risks.

There is still inherent uncertainty in the realization of the objectives, the operating budget and the financing plan, and the failure of these assumptions to materialize may affect the value of the Company's assets and liabilities.

#### **2.6. Intangible fixed assets**

Intangible fixed assets mainly include items such as acquired enterprise software and license rights, brands and development costs for applications.

##### **Concessions**

Agreements giving the right to CBI to receive a portion of future revenue or profits are accounted for as Concessions. This category includes, but is not limited to, joint-venture agreements with third-parties whereby CBI is in charge of creating, marketing and selling tokens in exchange for a portion of the revenue or profits.

##### **Licenses**

Licenses for the right to use intellectual property are recognized as intangible fixed assets from the date of signature of the contract when no significant obligation is expected from the lessor; the capitalized amount corresponds to the discounted sum of the annual minimum fees stipulated in the contract. Amounts paid above guaranteed minimums are expensed.

These licenses are amortized from their execution date using the highest rate of either the contractual rate applied to the units sold or the linear rate based on the life of the license. The amortization expense is recorded in "Cost of Sales."

The Company regularly checks the recoverable amount of the amounts capitalized and conducts an impairment test, as described in paragraph 2.9, as soon as indicators of impairment appear. An impairment is, if necessary, recorded under "Cost of Sales" if the game to which this license is attached has been marketed, and under "Research and Development Expenses" if not.

### Development costs of applications

See Note 2.20.

### Other intangible fixed assets

Other intangible assets include identifiable intangible assets arising from acquisitions (e.g. brands) and software acquired for internal use (e.g. accounting software). With the exception of brands, these fixed assets are amortized under "General and Administrative Expenses" or "Research and Development Expenses" on a straight-line basis over a period that cannot exceed their estimated useful lives (between one and four years).

### **2.7. Tangible fixed assets**

Other intangible assets include identifiable intangible assets arising from acquisitions (e.g. brands) and software acquired for internal use (e.g. accounting software). With the exception of brands, these fixed assets are amortized under "General and Administrative Expenses" or "Research and Development Expenses" on a straight-line basis over a period that cannot exceed their estimated useful lives (between one and four years).

The estimated useful lives of fixed assets are as follows:

- Computer equipment: 1 to 3 years
- Furniture and fixtures and other equipments: 3 to 10 years

### **2.8. Rights of use relating to leases**

When the Company is the lessee, leases (with the exception of short-term leases less than 12 months and leases of low value assets) are accounted under the IFRS 16 standard.

The corresponding liability towards the lessor is recognized on the balance sheet as a financial obligation. Payments under the lease are split between financial costs and the repayment of the lease obligation, so that a constant interest rate is obtained for the remaining amount due on the liability side of the balance sheet.

A right-of-use asset is amortized over the contractual period which was determined to calculate the corresponding lease liability.

### **2.9. Impairment test**

The Company regularly performs impairment tests on its assets: goodwill, intangible fixed assets, and tangible fixed assets. For tangible fixed assets and intangible fixed assets with a fixed useful life, this impairment test is performed as soon as indicators of impairment are observable.

These tests consist of comparing the net book value of the assets with their recoverable value, which corresponds to the higher of either their fair value less sale costs or their value in use, estimated by the net present value of the future cash flows generated by their use.

When the fair value of an intangible fixed asset (excluding goodwill) or a tangible fixed asset is assessed during a financial year and the recoverable amount exceeds the book value of the asset, any impairment losses recorded in prior years are recognized in profit or loss.

For goodwill and other intangible fixed assets with an undetermined useful life and intangible fixed assets in progress, an impairment test is performed each time an indicator of impairment is observed.

When the selling price net of disposal costs cannot be determined reliably, the book value of the fixed assets is compared to the net present value of future cash flows excluding financial expenses but after tax.

The residual value results from the discounting to infinity of a normative cash flow determined based on the cash flow from the last year of the business plan to which a long-term growth rate has been applied. The rate used to discount cash flows corresponds to the Company's average cost of capital.

If the annual impairment test reveals a recoverable value that is lower than the net book value, an impairment is recognized to reduce the book value of the fixed assets or goodwill to their fair value.



Impairment losses recorded on goodwill are never recognized in profit or loss.

## 2.10. Non-Current Financial Assets

Financial assets consist of securities of non-consolidated companies, investments in related companies, derivative instruments not designated as hedges, deposits and loans, marketable securities, cash and cash equivalents, and trade receivables.

Financial assets are classified as "non-current", except for those due less than 12 months after the reporting date, which are classified as "current assets" or "cash & cash equivalents", as appropriate.

Financial assets held by the Company are classified based on the business model and its objectives:

- assets measured at amortized cost (financial assets held in order to collect the contractual cash flows),
- assets measured at fair value (financial assets held for resale and to collect the contractual cash flows).

The classification depends on the nature and objective of each financial asset and is determined when it is initially recognized.

## 2.11. Inventories

When inventories are recognized, they are valued according to the FIFO (first-in, first-out) method. Their gross value includes the purchase price and incidental purchase costs. Financial expenses are excluded from the value of inventories. A provision for impairment is recorded to reduce the value of inventories to their net realizable value when their probable market value is lower than their cost. This write-down is recorded under "Cost of sales" in the consolidated income statement.

Token	# Tokens	Market Price/Token US\$	Market Value US\$	Market Value Euro	Gross Value Euro	Accrual Euro	Net Value Euro
	A	B	A*B	C = A*B	D	E = C - D (If < 0)	D-E
ETH	126.76	\$3 282.3000	\$416 049.83	€ 375 326.86	€ 492 355.39	-€ 117 028.53	€ 375 326.86
USDT	6 277.00	\$1.0000	\$6 277.00	€ 5 662.61	€ 5 340.62	€ -	€ 5 340.62
BTC	26.98	\$45 528.0000	\$1 228 345.44	€ 1 108 114.97	€ 1 160 681.88	-€ 52 566.91	€ 1 108 114.97
USDC	738 763.02	\$1.0000	\$738 763.02	€ 666 452.88	€ 652 443.70	€ -	€ 652 443.70
CHAIN GAMES	-	\$0.2000	\$0.00	€ -	€ -	€ -	€ -
BNB	1.00	\$428.7600	\$428.76	€ 386.79	€ 164.58	€ -	€ 164.58
WETH	0.59	\$3 286.2700	\$1 942.86	€ 1 752.69	€ 1 674.15	€ -	€ 1 674.15
MATIC	-	\$1.6200	\$0.00	€ -	€ -	€ -	€ -
CRYS	499 860 000.00	\$0.0833	\$41 653 333.80	€ 37 576 304.74	€ 499.86	€ -	€ 499.86
ATRI	326 489.00	\$0.0250	\$8 166.07	€ 7 366.78	€ 19 633.52	-€ 12 266.74	€ 7 366.78
LIGHTS	6 520 000 000.00	\$0.0025	\$16 300 000.00	€ 14 704 555.71	€ 652.00	€ -	€ 652.00
NFTs	-	\$0.0000	\$0.00	€ -	€ -	€ -	€ 19.80
ATRI (Contribution)	30 000 000.00	\$0.0250	\$750 353.40	€ 676 908.80	€ 676 908.80	€ -	€ 676 908.80
<b>TOTAL</b>			\$61 103 660.18	€ 55 122 832.82	€ 3 010 354.50	-€ 181 862.19	€ 2 828 512.00

The cost of creation of one single NFT or token is low. It corresponds to the cost of minting of the collection (minimal on BSC or Polygon) and the time spent (usually 8 hours for any collection of NFT or a new token).

Costs charged by developers for the creation of the tokens and of the NFTs are allocated to inventory and expensed as the NFTs are sold. The balance is recorded as intangible assets and amortized over the useful life of the assets.

The following costs have been established:

- CRY: Cost of production charged by developers was Euro 600, corresponding to time spent to create such tokens. This is Euro 0.01 for every 10,000 CRY sold.
- LIGHTS: Cost of production charged by developers was closer to Euro 1,800 as the contract was more complex to write to create the 18 billion LIGHTS tokens. This is Euro 0.001 for every 10,000 LIGHTS sold.
- Standard NFTs: Cost of production depends on the production value, the quality of the assets, the number of items in the collection. These costs are estimated at Euro 0.01 cent by Standard NFT, consisting of cost of production charged by developers.

The cost of minting is paid separately to the network and expensed.



### **2.12. Trade accounts receivable**

Trade accounts receivable are recorded at their fair value, which generally corresponds to their nominal value. Loans considered doubtful are subject to provisions for impairment determined according to their risk of non-recovery.

Accounting principles require accruing for expected credit losses on trade receivables. The Company has thus completed a review of its trade receivables based on an analysis of the country risk and the default probability of the counterparties. This review did not result in any material impact on the Company's financial position.

### **2.13. Crypto-currencies and related transactions**

The tokens held by the Company are recorded as inventory, in accordance with the position of June 2019 of the IFRS IC.

The portfolio of tokens is recorded at cost, based on the acquisition price.

The portfolio is evaluated for each crypto-currency, on the basis of different volume-weighted average prices in order to reflect the value of each crypto-currency. If the value of the crypto-currency exceeds its aggregate cost value, no unearned income is recognized. If the value of the crypto-currency is lower than its aggregate cost value, a depreciation is recorded as part of the income statement.

There are no explicit or implicit obligations relating to the subscribers and holders of the tokens. Therefore, the amounts collected in connection with these services are recognized as other income.

### **2.14. Cash and cash equivalents**

The cash and cash equivalents shown in the cash flow statement include cash (cash on hand and demand deposits) and cash equivalents (highly liquid, short-term investments which are easily convertible into a known amount of cash and which are subject to a negligible risk of change in value).

Investments with an original maturity of more than three months with no early exit option are excluded from cash and cash equivalents.

### **2.15. Share-based payments**

The Company may make share-based payments, paid in equity instruments in the form of stock options or free share awards.

Share-based payments, paid in equity instruments, are measured at fair value at the award date (excluding non-market conditions). The recognized cumulative expense is based on the fair value at the award date and the estimated number of shares that will ultimately be vested (taking into account the effect of non-market vesting conditions). It is recorded, throughout the vesting period, in current operating profit with a direct contra entry in equity.

The fair value of stock options is determined using the Black-Scholes model. This model makes it possible to take into account the characteristics of the plan (exercise price, exercise period), market data at the time of allocation (risk-free rate, stock price, volatility, expected dividends) and a behavioral assumption for the beneficiaries.

### **2.16. Provisions**

A provision is recorded when there is an obligation (legal or implicit) towards a third party, resulting from past events, the measurement of which can be reliably estimated and which will probably result in an outflow of resources in favor of this third party without at least equivalent compensation expected from it. If the amount or timing cannot be reliably estimated, then it is a contingent liability that is an off-balance sheet commitment.

### **2.17. Provisions for retirement and similar benefits**

The amount of the provision is Euro 2K as at March 31, 2022 and is not significant.

## **2.18. Financial liabilities and instruments**

Financial liabilities include bonds and other borrowings, finance lease debts, and trade accounts payable.

Financial liabilities are included in "non-current", except for those due less than 12 months after the closing date, which are classified as "current liabilities".

### **Bond debts and other borrowings**

Bond and other interest-bearing borrowings are initially recognized at fair value of the consideration received, which is the cost, net of expenses directly attributable to the issuance of the debt. These financial liabilities are then measured at amortized cost using the effective interest method. This interest rate corresponds to the internal rate of return that makes it possible to discount the series of expected cash flows over the life of the loan.

### **Shareholder's loan**

Such loans are initially recognized at fair value, which corresponds to their nominal value, and subsequently measured at amortized cost.

### **Financial lease debt**

See Note 2.8.

### **Trade accounts payable**

Trade accounts payable are initially recognized at fair value, which in most cases corresponds to their nominal value, and subsequently measured at amortized cost.

## **2.19. Revenue recognition – revenue from ordinary activities**

### **Revenue from games**

CBI accounts for its revenue from the sale of online games, and games on smartphones and tablets. The Company records its revenue by reporting to the relevant month the revenue reported by distributors or agents for the same period.

For each contract entered into, CBI examines the characteristics in order to determine whether it is appropriate to recognize the gross or net revenue of the services rendered by platforms:

- Liability in the transaction
- Storage risk
- Freedom to determine the price
- Determination of the product's specifications
- Credit risk

On the basis of these criteria, all revenue is recognized as "Other Income".

### **Revenue from the sale of Crystal Tokens ("CRYS")**

Sales are recorded as revenue.

Fluctuations between the date of invoice and the date of collection are recorded as financial income/expense.

Fluctuations between the date of collection and the date of closing are analyzed as part of the portfolio valuation at the end of the period.

### **Revenue from the sale of non-fungible tokens ("NFT")**

The sale is recorded on the date of execution of the sale agreement.

Sales are recorded as revenue (Other Income).

Fluctuations between the date of invoice and the date of collection are recorded as financial income/expense.

Fluctuations between the date of collection and the date of closing are analyzed as part of the portfolio valuation at the end of the period.

#### **Revenue from brand licensing**

The revenue linked to brand licenses is spread over the term of the contract.

For brand licensing contracts, the non-refundable amounts received, or whose payment is guaranteed, are recognized over the duration of the license.

#### **Revenue from game licensing alphaverse and others**

The revenue corresponding to the guaranteed minimums earned by CBI for game license contracts relating to an intellectual property right of use such as the AlphaVerse is recognized at a point in time, i.e. at the time when the license is granted and when the client can use and receive the benefits of the license, as long as CBI does not have any material obligations as a counterpart.

This is done after assessing the recoverability of receivables, based on the client's intention and ability to pay, which is a necessary condition according to the IFRS 15 standard to recognize the amounts under revenue.

If there is a contingent obligation upon CBI, the revenue is deferred and recognized only when the obligation has been fulfilled.

## ***2.20. Research and development expenses***

#### **Gross value**

In accordance with IAS 38, an intangible fixed asset resulting from development (or the development phase of an internal project) must be recognized if, and only if, an entity can demonstrate all of the following:

- 1) That it is technically feasible to complete the intangible fixed asset for commissioning or sale.
- 2) That the Company intends to complete the intangible fixed asset and commission or sell it.
- 3) That the Company is able to commission the intangible fixed asset or sell it.
- 4) The way in which the intangible fixed asset will generate probable future economic benefits. The entity will demonstrate, among other things, that there is a market for the production resulting from the intangible fixed asset, or for the intangible fixed asset itself or, if it is to be used internally, that it is useful.
- 5) That the Company has adequate technical, financial, and other resources available to fully develop and commission or sell the intangible fixed asset.
- 6) That the Company is able to reliably estimate the expenditures attributable to the intangible fixed asset during its development.

The Company recognizes a charge for development costs (internal or external studio development expenses) if it considers that the project does not meet all of the above criteria.

At the financial year-end, the residual net book value is compared with future sales projections to which the contract's conditions are applied. If those sales projections fall short, a provision for additional impairment is recognized as a result.

The Company does not directly receive research tax credits.

#### **Depreciation for R&D expenses**

A portion of the expenses invoiced by developers is allocated to the NFTs and recorded as inventory (See "Revenue Recognition").

The balance is allocated as follows:

- 1) 40% to the engine and backend systems, amortized as from the date of launch over 7 years (similar to the cycle of first-party consoles Xbox and Sony PlayStation);

- 2) 60% to the content and live operations, amortized as from the date of launch over 5 years.

### **2.21. Marketing and sales expenses**

Advertising and user acquisition costs for mobile and online games are expensed as and when they are incurred and included in the "Marketing and Sales Expenses" item of the income statement.

### **2.22. Current operating income and operating income**

Current operating income is comprised of gross margin less current operating expenses. Current operating expenses include research and development costs, marketing and sales expenses, general and administrative expenses, and share-based payment costs.

Operating income corresponds to current operating income after taking into account:

- Gains and losses on disposals of non-financial assets other than intellectual property rights;
- Restructuring costs;
- Impairment on goodwill or negative goodwill;
- Impact of litigation and other non-recurrent items.

### **2.23. Financial income and expenses**

#### **Cost of debt**

Net financial debt consists of all current and non-current financial borrowings and debts, less cash and cash equivalents. The cost of net financial debt is comprised of expenses and income generated by the components of net financial debt during the period, including related net income from the interest rate and currency hedging. The net cost of debt notably includes the following items:

- Interest expense and income on net debt, consisting of bonds, the debt portion of hybrid instruments, other financial liabilities (including debt on finance leases) and cash and cash equivalents;
- Other fees paid to banks on financial transactions.

#### **Other financial incomes and expenses**

"Other Financial Income and Expenses" include the following items:

- Dividends received from shareholdings;
- The effect of discounting provisions;
- Capital gains and losses from the sale of financial assets;
- Foreign exchange net income.

### **2.24. Taxes**

The Company records tax expenses per applicable regulations.

### **2.25. Earnings per share par action**

The Company presents basic earnings per share and diluted earnings per share.

Earnings per share correspond to the Company's net income compared to the weighted average number of shares outstanding during the financial year, less treasury shares, if any.

The number of shares taken into account is the number of shares at the date of the present Document and as of March 31, 2022.

Diluted earnings per share are calculated by dividing the restated Company share of net income by the weighted average number of common shares in circulation plus all potential dilutive common shares.

### NOTE 3 – INTANGIBLE FIXED ASSETS

At March 31, 2022, intangible fixed assets are broken down as follows:

(000's of euros)	March 31, 2021	Acquisitions / Depreciation	Disposals / Reversals	March 31, 2022
Software	-	1,794.2	-	1,794.2
Other intangible assets	-	9,220.3	-	9,220.3
<b>Total gross value</b>	<b>-</b>	<b>11,014.5</b>	<b>-</b>	<b>11,014.5</b>
<b>Total amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net value</b>	<b>-</b>	<b>11,014.5</b>	<b>-</b>	<b>11,014.5</b>

### NOTE 4 – RIGHTS OF USE RELATING TO LEASES

At March 31 2022, this amount has been estimated using IFRS 16.

### NOTE 5 – FINANCIAL INSTRUMENTS

#### 5.1. Non-Current Financial Assets

Financial assets are initially measured at fair value plus any transaction costs directly related to the acquisition in the case of a financial asset not measured at fair value through profit or loss. Acquisition costs for financial assets measured at fair value through profit or loss are recognized in the profit and loss statement. The Company classifies its financial assets into the following three categories:

- amortized cost;
- fair value through other comprehensive income (FVTOCI);
- fair value through profit and loss.

The classification depends on the business model of the entity holding the asset defined by the Company and the cash flow characteristics of the financial instruments.

#### Financial assets measures at amortized costs

Financial assets are measured at amortized cost when they are not designated at fair value through profit or loss, are held for the purpose of collecting contractual cash flows, and give rise to cash flows corresponding solely to the repayment of principal and interest payments ("SPPI" criterion). Amortized cost can only be applied to debt instruments: loans, receivables, deposits, etc. In most cases, it corresponds to the nominal value less any impairment losses.

#### Financial assets measured at fair value through other comprehensive income (OCI)

This category comprises debt and equity instruments.

Debt instruments are measured at FVTOCI if they are not designated as FVTPL and if they are held in order to both collect the contractual cash flows and sell the financial asset and if their cash flows are solely payments of principal and interest ("SPPI" criterion). Interest received, exchange rate profit or loss and impairments are recognized in profit or loss. Other net profit or loss is recognized in OCI. Upon derecognition, all cumulative gains or losses are then recognized in net earnings.

Equity investments that are not held for trading can be measured at FVTOCI. The Company can make an irrevocable choice in that respect for each individual investment. Dividend income is then recognized in profit or loss unless it clearly corresponds to a partial repayment of the initial investment cost. Other profit or loss is recognized in OCI and never reclassified as profit or loss.

### Financial assets at fair value through profit and loss

All assets not designated as measured at amortized cost or as fair value through OCI are measured at fair value through profit and loss. The net profit or loss, including interest or dividend income, is recognized as profit or loss.

### Financial assets measured at amortized cost

Non-current financial assets measured at amortized cost are primarily made up of:

- deposits and guarantees;
- trade receivables, with a maturity over one year, recognized using the effective interest rate method.

(000's of euros)	March 31, 2021	Increases	Decreases	Currency impact	March 31, 2022
Investments in subs. and associates	-	-	-	-	-
Receivables from subs. and associates	-	-	-	-	-
Accrued interest on receivables	-	-	-	-	-
NCX	-	8,070.0	-	-	8,070.0
Deposits	-	75.0	-	-	75.0
Other fixed assets	-	-	-	-	-
<b>Total gross value</b>	-	8,145.0	-	-	8,145.0
<b>Provisions</b>	-	-	-	-	-
<b>Total net value</b>	-	8,145.0	-	-	8,145.0

(000's of euros)	March 31, 2021	Increases	Decreases	Currency impact	March 31, 2022
Investments in subs. and associates	-	-	-	-	-
Receivables from subs. and associates	-	-	-	-	-
Accrued interest on receivables	-	-	-	-	-
NCX	-	-	-	-	-
Deposits	-	-	-	-	-
Other fixed assets	-	-	-	-	-
<b>Total provisions</b>	-	-	-	-	-

## 5.2. Balance sheet information

Financial instruments consist of assets, derivatives and liabilities.

The following table presents these assets and their maturity dates:

As at March 31, 2022 (000's in euros)	Net Value	Schedule		
		Less than 1 year	Between 1 & 5 years	More than 5 years
IFRS 16 Restatement	2,236.2	2,236.2	-	-
Financial assets	8,144.9	8,144.9	-	-
<b>FINANCIAL ASSETS</b>	<b>10,381.1</b>	<b>10,381.1</b>	<b>-</b>	<b>-</b>
Shareholders' loan	4,573.4	-	4,573.4	-
Lease liabilities	2,252.1	236.5	2,015.6	-
Trade payables	2,559.2	2,559.2	-	-
Other current liabilities	113.2	113.2	-	-
<b>FINANCIAL LIABILITIES</b>	<b>9,498.0</b>	<b>2,908.9</b>	<b>6,589.0</b>	<b>-</b>

The application of IFRS 16 (Restatement of Leases) results in the recognition of a of €2,252.1 K accounting liability (of which €2,015.6K being classified as long- term liability, the balance being classified as short-term liability).

The shareholder's loan has a maturity of five (5) years, is repayable *in fine*, and bears interest at the legal rate.

## NOTE 6 – INVENTORIES

Token	# Tokens	Market Price/Token US\$	Market Value US\$	Market Value Euro	Gross Value Euro	Accrual Euro	Net Value Euro
	A	B	A*B	C = A*B	D	E = C - D (If < 0)	D-E
ETH	126.76	\$3 282.3000	\$416 049.83	€ 375 326.86	€ 492 355.39	-€ 117 028.53	€ 375 326.86
USDT	6 277.00	\$1.0000	\$6 277.00	€ 5 662.61	€ 5 340.62	€ -	€ 5 340.62
BTC	26.98	\$45 528.0000	\$1 228 345.44	€ 1 108 114.97	€ 1 160 681.88	-€ 52 566.91	€ 1 108 114.97
USDC	738 763.02	\$1.0000	\$738 763.02	€ 666 452.88	€ 652 443.70	€ -	€ 652 443.70
CHAIN GAMES	-	\$0.2000	\$0.00	€ -	€ -	€ -	€ -
BNB	1.00	\$428.7600	\$428.76	€ 386.79	€ 164.58	€ -	€ 164.58
WETH	0.59	\$3 286.2700	\$1 942.86	€ 1 752.69	€ 1 674.15	€ -	€ 1 674.15
MATIC	-	\$1.6200	\$0.00	€ -	€ -	€ -	€ -
CRYS	499 860 000.00	\$0.0833	\$41 653 333.80	€ 37 576 304.74	€ 499.86	€ -	€ 499.86
ATRI	326 489.00	\$0.0250	\$8 166.07	€ 7 366.78	€ 19 633.52	-€ 12 266.74	€ 7 366.78
LIGHTS	6 520 000 000.00	\$0.0025	\$16 300 000.00	€ 14 704 555.71	€ 652.00	€ -	€ 652.00
NFTs	-	\$0.0000	\$0.00	€ -	€ -	€ -	€ 19.80
ATRI (Contribution)	30 000 000.00	\$0.0250	\$750 353.40	€ 676 908.80	€ 676 908.80	€ -	€ 676 908.80
<b>TOTAL</b>			\$61 103 660.18	€ 55 122 832.82	€ 3 010 354.50	-€ 181 862.19	€ 2 828 512.00

The cost of creation of one single NFT or token is low. It corresponds to the cost of minting of the collection (minimal on BSC or Polygon) and the time spent (usually 8 hours for any collection of NFT or a new token).

Costs charged by developers for the creation of the tokens and of the NFTs are allocated to inventory and expensed as the NFTs are sold. The balance is recorded as intangible assets and amortized over the useful life of the assets.

The following costs have been established:

- CRY: Cost of production charged by developers was Euro 600, corresponding to time spent to create such tokens. This is Euro 0.01 for every 10,000 CRY sold.
- LIGHTS: Cost of production charged by developers was closer to Euro 1,800 as the contract was more complex to write to create the 18 billion LIGHTS tokens. This is Euro 0.001 for every 10,000 LIGHTS sold.
- Standard NFTs: Cost of production depends on the production value, the quality of the assets, the number of items in the collection. These costs are estimated at Euro 0.01 cent by Standard NFT, consisting of cost of production charged by developers.

The cost of minting is paid separately to the network and expensed.

## NOTE 7 – TRADE RECEIVABLES

The item "Trade receivables", after deducting sales returns and other future trade discounts, if any, is € 440.4K as at March 31 2022. At March 31 2022, the balance of trade accounts receivable corresponds to receivables from distributors, collected with a term of 30 to 60 days.

(000's of euros)	March 31, 2022	March 31, 2021
Trade receivables	440.4	-
Provisions for impairment in value	-	-
<b>Trade receivables net value</b>	<b>440.4</b>	<b>-</b>

The limited number of clients allows for a regular review of trade receivables. When a payment delay is noted, an analysis is carried out based on the age of the receivable, the customer's financial situation, the negotiation of a payment plan, guarantees received and, if applicable, credit insurance, in order to determine the recoverable value. Any difference between the carrying amount and the recoverable

amount is recognized in recurring operating income through an allocation to provisions. An impairment loss is considered definitive when the receivable is itself considered definitively irrecoverable and is then recognized as a loss.

## NOTE 8 – OTHER CURRENT ASSETS

Other current assets break down as follows:

(000's of euros)	March 31, 2022	March 31, 2021
Inventories	2,828.5	-
Trade receivables	440.4	-
Current financial assets	-	-
Prepaid expenses	-	-
<b>Other current assets</b>	<b>3,268.9</b>	<b>-</b>

## NOTE 9 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents shown in the cash flow statement include (i) cash (cash on hand and demand deposits) of €2647.2K and (ii) cash equivalents (highly liquid, short-term investments which are easily convertible into a known amount of cash and which are subject to a negligible risk of change in value) measured at the market value on the balance sheet date.

(000's of ₪)	March 31, 2022	March 31, 2021
Cash and cash equivalents	2,647.2	37.0
Short-term investments	-	-
<b>Cash and cash equivalents</b>	<b>2,647.2</b>	<b>37.0</b>

## NOTE 10 – SHAREHOLDER'S EQUITY

### 10.1. Capital

#### Common shares

At the general meeting on December 29, 2021 a resolution for a 10 for 1 stock split of CBI shares effective January 10, 2022 was unanimously approved.

A second resolution at the general meeting on December 29, 2021 authorizing a free allocation of shares to all shareholders of 1 new share for every 4 shares held the effective date for the free allocation of shares is February 1, 2022 was unanimously approved.

Both resolutions were submitted to the Board of Directors for their approval on January 19, 2022.

On March 29, 2022, CBI entered into a buyback and cancellation of the warrant that allowed Atari to acquire 5% of CBI's share capital at a price of €0.1 per share, in exchange for the termination of the Atari license, payment of USD \$100,000, €12,000 and transfer of 3,500,000 Atari shares held by CBI to Atari, upon completion of the transaction the warrants were cancelled.

As at March 31 2022, the Company's subscribed and fully paid-up capital totals is €24,258,750 divided into 242 587 500 shares with a par value of €0.10. The number of voting rights assigned to the Company's shares is 242 587 500.



### Evolution of the share count during the financial year

<b>March 31, 2021</b>		<b>37,000</b>
24/09/2021	Contribution in kind	18,000,000
12/10/2021	Private Placement	1,300,000
12/01/2022	Split of nominal value by 10	174,033,000
18/01/2022	Repayment of loan	700,000
27/01/2022	Allocation of free shares (1 for 4)	48,517,500
<b>March 31, 2022</b>		<b>242,587,500</b>

At the date of this Document, the breakdown of shareholders with more than 2% of the capital and voting rights was as follows:

	Shares		Voting Rights	
	#	%	#	%
Ker Ventures, SARL	224,392,425	92.50%	224,392,425	0.09%
Ker Ventures, LLC	205,999	0.08%	205,999	4.18%
<b>Total F. Chesnais</b>	<b>224,598,424</b>	<b>92.58%</b>	<b>224,598,424</b>	<b>4.27%</b>
Other shareholders	17,989,076	7.42%	17,989,076	95.73%
<b>Total</b>	<b>242,587,500</b>	<b>100.00%</b>	<b>242,587,500</b>	<b>100.00%</b>

Registered shares may benefit from a double voting right if held for at least two years. At the date of this Document, no share is entitled to double voting rights.

There are no other shareholders who directly, indirectly or jointly own 2% or more of the Company's issued capital or voting rights.

The shares of the Company are listed on Euronext since October 26, 2021. The ticker is ALCBI.

Each share entitles the holder to one vote on each of the resolutions submitted to the shareholders. A double voting right is attached to all the existing paid-up shares held by the same shareholder for a minimum of two years, as well as to any shares subsequently acquired by the same shareholder by exercising the rights attached to these registered shares.

### Dividends

The Board of Directors may propose the distribution of dividends to the Company's shareholders up to the full amount of the Company's profit and distributable reserves. These distributions are made as decided by the Company's shareholders during a General Meeting. The Company has not made dividend payments for the past three years.

### 10.2. Treasury shares

At March 31, 2022, the Company has 440,000 treasury shares.

### 10.3. CBI SA stock option plan

At March 31, 2022, the Company has no stock-option plan.

#### 10.4. Other dilutive instruments

As at March 31, 2022, there is no dilutive instrument in terms of capital.

The Company had issued a warrant to the benefit of Atari, enabling Atari to purchase 5% of the share capital of CBI at par value, i.e. €0.10 per share. This warrant has been repurchased and cancelled pursuant to the agreement entered into on March 29, 2022 with Atari.

The cost of acquisition of this warrant is as follows:

Atari Warrant	(000's of euros)
Cash	(12.0)
Cash	(90.2)
Atari Shares	(1,953.0)
Depreciation Tokens	(8,661.7)
<b>Total</b>	<b>(10,716.9)</b>

This cost of acquisition has been recorded as financial and non-recurring expenses.

#### NOTE 11 – PROVISIONS FOR CONTINGENCIES AND LOSSES – CURRENT / NON-CURRENT

In the normal course of business, the Company may be involved in a number of legal, arbitral, administrative, and tax proceedings.

At March 31, 2022, there is no such proceeding, and there is no provision for contingencies or losses.

#### NOTE 12 – DEBT

##### 12.1. Debt analysis by type

There is a shareholder's loan asset forth in Section 5.2 above.

##### 12.2. Debt analysis by interest rate (fixed – floating)

The debt bears interest at a fixed interest rate.

#### NOTE 13 – LEASE LIABILITIES – CURRENT AND NON-CURRENT

See Note 5.

#### NOTE 14 – OTHER CURRENT AND NON NON-CURRENT LIABILITIES

The analysis is set forth in Section 5.2 above.

#### NOTE 15 – SEGMENT INFORMATION

Operating segment are defined as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available

CBI operates in one single operating segment (blockchain).

CBI's business is understood to be fully contained within a single operating segment.

## NOTE 16 – CURRENT OPERATING EXPENSES

### Research and development expenses

Research and development expenses are analyzed as follows:

(in 000's of €)	March 31, 2022	March 31, 2021
Capitalized R&D	(538.5)	-
Depreciation	-	-
Other R&D expenditures*	-	-
<b>Total R&amp;D expenditures</b>	<b>(538.5)</b>	<b>-</b>

### Marketing and sales expenses

Marketing and sales expenses were 562.5 K€ during the first year.

### General and administrative expenses

General and administrative expenses for the period were 749.6 K€ compared to 5.0 K€ for the prior year.

As at March 31, 2022, the amount of other operating income and expenses was nil during the period.

## NOTE 18 – OTHER INCOME AND EXPENSES

At March 31, 2022, Other income and expenses were nil during the period.

## NOTE 19 – NET FINANCIAL INCOME (EXPENSE)

At March 31, 2022, Net financial income was €2,044.7K during the period. This profit corresponds to the sale of company shares by TSAF, the company managing the liquidity contract.

## NOTE 20 – INCOME TAX

### 20.1. Analysis of the tax charge

The Group has not recorded any tax expenses for the period ended March 31, 2022.

### 20.2. Analysis of deferred taxes

The Company has no deferred tax.

## NOTE 21 – DISCONTINUED OPERATIONS

### 21.1. Net income from discontinued operations

The Group has not recorded any net income from related party transactions for the period ended March 31, 2022.

### 21.2. Assets and liabilities held for sale

At March 31, 2022, there are no assets or liabilities held for sale.

## NOTE 22 – OFF-BALANCE SHEET COMMITMENTS

### 22.1. Commitments given

At March 31 2022, there are no commitments given.

## **22.2. Commitments received**

At March 31, 2022, there are no commitments received.

## **NOTE 23 – MARKET RISK MANAGEMENT**

The holding Company is responsible for risk management according to the context of the financial markets and the procedures established by management. Foreign exchange transactions are carried out according to local laws and access to the financial markets. Subsidiaries may enter into contracts directly with local banks under the supervision of the holding Company CBI SA and in accordance with the Company's procedures and policies.

### **23.1. Foreign exchange risks**

For foreign exchange risks related to the financing of subsidiaries, they are concentrated at parent Company level and, where appropriate, specific hedges are put in place according to the financing strategies envisaged. At March 31, 2022, the Company had not implemented a currency hedging policy on all of these amounts.

Each of the main currency zones (euro, US dollar) is overall balanced between cash inflows and disbursements. For this reason, the Company has not implemented a currency hedging policy on its commercial operations.

Nevertheless, since the Company's financial statements are presented in Euro, the assets, liabilities, income, and expenses that are initially recorded in currencies other than the Euro must be translated into Euro at the applicable exchange rate before they are included in the Company's financial statements. If the Euro appreciates against any other currency, the value in Euro of the Company's assets, liabilities, income and expenses initially denominated in another currency will decrease. The opposite is true if the Euro depreciates. As a result, changes in the Euro's exchange rate may have an effect on the value in Euro of the Company's assets, liabilities, income and expenses outside the currency zone, even if their value remains unchanged in their original currency. The most significant foreign exchange risk relates to the revenue and profit of subsidiaries that initially record their transactions in US\$ and to the Company's intangible assets denominated in US\$.

An unfavorable change in the euro/dollar exchange rate would not have a significant impact on the overall currency position.

### **23.2. Interest rate risks**

The Company does not have a dynamic management policy for its interest rate risk.

### **23.3. Credit risks**

The Company considers that, given the quality of the counterparties, the counterparty risk on sales is limited. Moreover, the business risk management procedures have ensured there is no excessive concentration of credit risk.

## **NOTE 24 – PROVISIONS AND CONTINGENT LIABILITIES**

A provision is recognized when the Company has a present (legal or constructive) obligation to a third party that is likely to cause an outflow of resources in favor of such third party, without at least equivalent compensation expected from it and when a reliable estimate of the amount can be made. The share of a provision for less than one year is recorded as current, with the balance classed as non-current.

Apart from the contingencies referred to in this document, and for which provisions have been recorded, to the Company's best knowledge no proceedings have been brought by a government, and there are no judicial or arbitral proceedings, including any ongoing proceedings or threat of action that could have a significant impact on the Company's financial position and profitability or that have had such an impact in the last 12 months.

## **NOTE 25 – RELATED-PARTY TRANSACTIONS**

The Company has entered into a lease agreement with respect to premises located at 68 bis rue Charles-Laffitte à Neuilly-sur-Seine (France) as from November 1, 2021, for a monthly lease of 25 000 euros excluding VAT. Mr. Frédéric Chesnais did abstain from voting as he is interested to this transaction since he has indirect ownership in the leased property.

In April 2022, the Company borrowed 2 million CBI shares from its main shareholders, Ker Ventures, SARL. The loan is short-term, valued at Euro 3.2 million and bears interest at 2% per annum. This is a regulated agreement.

## **NOTE 26– EXECUTIVE COMPENSATION AND BENEFITS**

CBI's corporate officers are its directors, and the Chief Executive Officer is the only director to have an executive position.

The General Shareholders' Meeting approves the principles and criteria for determining, distributing and allocating the fixed and variable components of the overall compensation package and benefits of any kind to be awarded to the Company's executive officers in accordance with Article L.225-37-2 of the French commercial code.

### **COMPENSATION FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER FOR FY 2021-2022**

#### **Annual fixed compensation**

There is a fixed monthly compensation which is equivalent to a monthly salary of twenty-five thousand (25.000) euros. However, as Mr. Frédéric Chesnais is treated as a consultant, the Company pays him the full cost that would be borne by the Company if he were an employee, and Mr. Frédéric Chesnais pays himself any social protection, retirement plan and/or social contributions. The gross amount thus paid by the Company amounts to forty-two thousand (42.000) euros, and such amount is paid either to Mr. Frédéric Chesnais and/or to an entity Mr. Frédéric Chesnais controls, depending on Mr. Frédéric Chesnais's location and/or the place of work.

#### **Variable compensation / Options**

The Board of Directors decided, as recommended by the Nomination and Compensation Committee, to allocate to the management team a pool of carried interest for each investment, equal to 20% of the return on investment generated by the Company after an annual hurdle rate of 10%. Mr. Frédéric Chesnais is allocated 40% of such pool, the balance of the pool being allocated to the investment team and the board. The individual members of that management team are selected from time to time by the Compensation and Nomination Committee. The allocation among the members of such management team is decided by the Board of Directors, upon recommendation of Compensation and Nomination Committee.

The Board of Directors also decided, as recommended by the Nomination and Compensation Committee, to allocate an annual discretionary bonus which could represent (except in exceptional circumstances) between 0% and 100% of the annual fixed compensation paid, incorporating the following elements: level of revenue, EBITDA margin, cash generation, share price performance, growth in recurring net earnings per share, which makes it possible to take into account all the other elements on the income statement, as well as various objective criteria related to the activity, in addition to the return on investment allocated under the prior paragraph.

In addition, under the delegation of authority granted by the General Meeting, the Board of Directors reserves the right to award stock options as part of an option plan.

In addition, in the event of a listing of the shares of the Company and unless such bonus has already been paid during a prior year, Mr. Frédéric Chesnais will be allocated a fixed bonus of 250,000 euros, to be grossed up for any social protection, retirement plan and/or social contributions in the same proportions as the ones indicated above for his monthly compensation, i.e. amounting to a total cost of 420,000 euros. This bonus will be paid during the year 2022-2023.

In the event of a creation of a crypto currency by the Company, fifteen per cent (15%) will be set aside for compensation of the Management team, of which eight per cent (8%) for the Chief Executive Officer.

### Compensation due to directorships

See following paragraphs.

### *Compensation for directors*

#### Annual fixed compensation

There is no fixed compensation

#### Compensation due to directorships

The directors receive compensation for their office (previously "directors' fees"). The maximum budget for the compensation to be distributed between the directors is voted on by the General Shareholders' Meeting, as proposed by the Board of Directors, based on recommendations from the Nomination and Compensation Committee, taking into account the Company's interests.

For FY 2021-2022 and the following years, the Board of Directors set, subject to approval by the General Meeting deliberating on the financial statements for the year ended March 31, 2022, the compensation for directorships to 25,000 euros per year.

In addition, each Director other than the Chief Executive Officer will be allocated a fixed bonus of 50,000 euros in the event of a listing of the shares of the Company, unless such bonus has already been paid during a prior year.

In addition, 5.0% of the pool of carried interest is split equally among the directors.

In the event of a creation of a crypto currency by the Company, five per cent (5.0%) will be set aside for compensation of the directors, of which two per cent (2.0%) for the Chairman of the Board and one and a half per cent (1.5%) for each director.

#### Compensation for non-executive corporate officers

None.

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This compensation policy was approved at the General Shareholders' Meeting on January 6, 2021 and further approved on July 22, 2021.

#### Compensation of Alain Scémama, Legal Director

Mr. Alain Scémama joined the Company on December 1, 2021 and receives gross annual compensation of €100,000.

#### Workforce for fiscal year 2021-2022

As of March 31, 2022, the company had six employees

### *NOTE 27 – SUBSEQUENT EVENTS*

The subsequent events are as follows:

**Purchase of Xave World Music:** CBI signs into an agreement to purchase Xave World Music focused metaverse on April 29 2022. Xave is , a blockchain-based technology company based in Barcelona and Argentina that has been developing a music metaverse. Completion is expected to occur during the financial year 2022-2023.

**Borrow of Company shares:** In April 2022, the Company borrowed 2 million CBI shares from its main shareholders, Ker Ventures, SARL. The loan is short-term, valued at Euro 3.2 million and bears interest at 2% per annum. This is a regulated agreement.

**Metacoaster:** the first play-to-earn game developed directly by CBI within AlphaVerse. It is a theme park management game with multiplayer and solo options. With MetaCoaster's play-to-earn and massively multiplayer modes, the roller coasters, flat rides and restaurants are NFTs. Sales are starting up with the plots

of land and roller coasters, which will be followed by flat rides and restaurants. The decorative elements (seating, barriers, trees), related buildings (park entrances, ticket offices, etc.) and roads are classic objects.

**Qtopia:** the first metaverse dedicated to the LGBTQ community. It will provide an exclusive online space to promote LGBTQ culture and advocacy, coordinating different initiatives for this community, with a portion of the proceeds from sales donated to LGBTQ charities and organizations. This fully immersive universe will include houses and other virtual places for its users to meet and share, both in and beyond the virtual world.

**Ukraine and Russia conflict:** In the current context linked to the situation in Ukraine and the consequences of the sanctions imposed on Russia, the Group is monitoring the possible repercussions on its activities and its risks. To date, the exposure of the Group and its entities is almost non-existent on their activities and assets.

Apart from these events, no other significant event occurred between March 31, 2022 and the date on which the accounts were approved by the Board of Directors.

## ***AUDITORS REPORT ON THE CONSOLIDATED STATEMENT***

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*See next page.*



**CRYPTO BLOCKCHAIN INDUSTRIES**

Head office : 164 BD HAUSSMANN 75008 Paris  
Limited company with a capital of 24,258,750 euros

**STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

For the year ended March 31, 2022

*This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.*

*This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the annual general meeting of the company CRYPTO BLOCKCHAIN INDUSTRIES,

## 1. Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of CRYPTO BLOCKCHAIN INDUSTRIES for the year ended March 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at March 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## 2. Basis for Opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

### Independence

We conducted our audit engagement in compliance with independence rules provided for by the French Commercial Code and by the French Code of ethics for statutory auditors, for the period from April 1<sup>st</sup>, 2021 to the date of issue of our report.





### 3. Observation

Without qualifying the opinion expressed above, we draw your attention to the following matter described in the preamble to the notes to the consolidated financial statements, which sets out the significant events of the year and in particular the fact that this is the first year of operation.

### 4. Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These assessments were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

### 5. Specific verifications

We have also performed, in accordance with professional standards applicable in France, the information pertaining to the Group presented in the management report of the board of directors.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements of the information given in the management report of the Board of Directors and in the other documents on the financial position and the annual accounts addressed to shareholders.

### 6. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 it is expected to liquidate the Company or to cease operations.



The consolidated financial statements were approved by the Board of Directors.

## 7. Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore :

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision



and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Done in Lyon and Paris, June 30th, 2022

#### **The Statutory Auditors**

**RSM Rhône Alpes**

**A4 Partners**

Member of Crowe Global

**Francois de Bustamante**

Associate

**Marc Luccioni**

Associate