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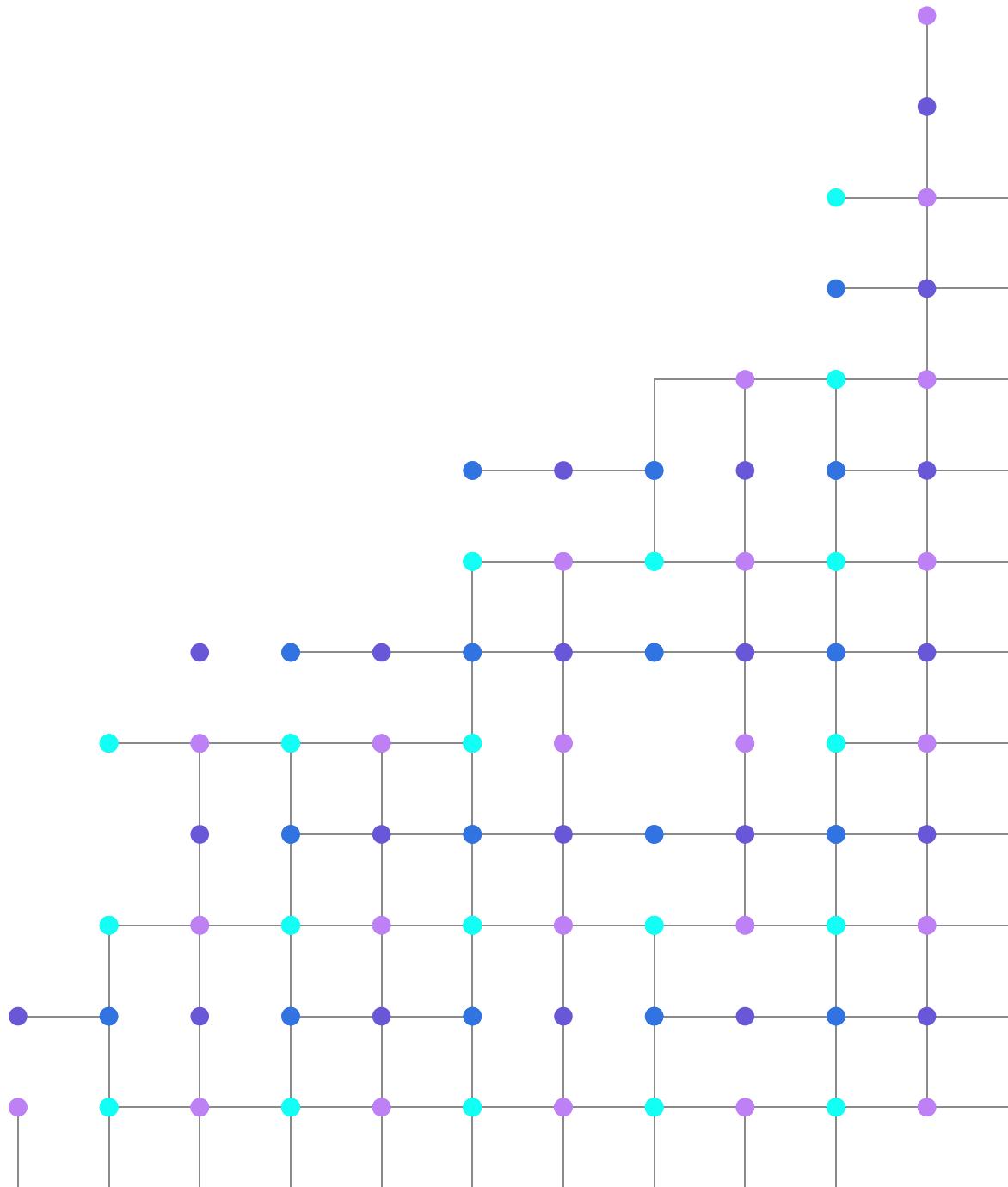
Balance Sheets

From 2023-06-24 To 2023-07-24

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Summary of Risk Factors

Our business is subject to various risks and uncertainties, including those detailed below.

The most significant risks include:

- Our total revenue largely depends on the prices of crypto assets and the volume of transactions on our platform. A decline in these could negatively affect our business, operating results, and financial condition.
- Our net revenue may be concentrated in a few areas. A significant portion comes from transactions in Bitcoin and Ethereum and interest income from USDT. If these revenue sources decline and are not replaced by new demand, our business could be negatively affected.
- We have formed, and may form in the future, partnerships or strategic alliances with third parties. If these relationships are unsuccessful or these third parties fail to deliver certain services, our business could be negatively affected.
- Fluctuations in interest rates could have a negative impact on us.
- The future growth of cryptocurrency is subject to unpredictable factors. If crypto doesn't grow as we expect, our business could be negatively affected.
- Cyberattacks and security breaches could harm our brand and reputation and negatively affect our business.
- We operate in a complex and uncertain regulatory landscape. Any adverse changes or failure to comply with laws and regulations could negatively affect our business.
- We operate in a highly competitive industry and compete against unregulated companies and companies with greater resources. If we can't effectively respond to our competitors, our business could be negatively affected.
- We compete against a growing number of decentralized and noncustodial platforms. Failure to compete effectively against them could negatively affect our business.
- As we expand internationally, our obligations to comply with various jurisdictions' laws will increase, and we may be subject to inquiries, investigations, and enforcement actions.
- We are subject to material litigation, including individual and class action lawsuits, as well as investigations and enforcement actions. These matters can be expensive and

- time-consuming, and if resolved adversely, could harm our business.
- If we can't keep pace with rapid industry changes to provide new and innovative products and services, our net revenue could decline, negatively impacting our business.
- The status of a particular crypto asset as a "security" is highly uncertain. If we incorrectly characterize a crypto asset, we may face regulatory scrutiny, investigations, fines, and other penalties.
- We rely on third-party service providers for certain operations. Any service interruptions from these third parties may impair our ability to support our customers.
- Loss of a critical banking or insurance relationship could negatively affect our business.
- Any significant disruption in our products, services, IT systems, or any of the blockchain networks we support could result in a loss of customers or funds and negatively impact our brand and reputation.
- Our failure to safeguard and manage our and our customers' fiat currencies and crypto assets could negatively impact our business.
- The theft, loss, or destruction of private keys required to access any crypto assets held in custody for our own account or for our customers may be irreversible. If we are unable to access our private keys or if we experience a hack or other data loss, it could cause regulatory scrutiny, reputational harm, and other losses.

Balance Sheets

Balance Sheets - USD (\$) \$ in Thousands	Jul. 30, 2023	Jul. 1, 2023
Assets		
Current assets:		
Customer custodial funds	\$ 1,000	\$ 1,000
USDT	800	1400
Account receivable	200	100
Assets pledged as collateral	1,000	500
Total current assets	3,000	3,000
Non-current assets:		
Crypto assets held	2,000	2,000
Total assets	\$ 5,000	\$ 5,000
Liabilities and Stockholders' Equity		
Current liabilities:		
Customer custodial cash liabilities	\$ 1,900	\$ 1,950
Accounts payable	100	50
Total liabilities	2,000	2,000
Stockholders' equity		
Additional paid-in capital	1,900	2,000
Accumulated other comprehensive income	100	0
Retained earnings	1,000	1,000
Total stockholders' equity	3,000	3,000
Total liabilities and stockholders' equity	\$ 5,000	\$ 5,000

Notes to Balance Sheets

1. NATURE OF OPERATIONS

TideBit DeFi is a decentralized financial exchange that provides accessible financial services to a broad range of users. As a part of the burgeoning decentralized finance (DeFi) sector, TideBit DeFi leverages blockchain technology to offer financial services that are open, transparent, and free from the control of traditional financial intermediaries like banks and brokerages.

Operating on a global scale, TideBit DeFi's platform allows users to trade a variety of digital assets in a secure and decentralized manner. This means that rather than relying on a central authority to facilitate transactions, trades are executed directly between users through smart contracts on the blockchain. This not only enhances security but also increases transaction speed and reduces costs.

By harnessing the power of blockchain technology and the principles of decentralization, TideBit DeFi is democratizing access to financial services and providing users with greater control over their financial destiny.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation for Presentation and Consolidation Principles

The attached financial statements of the Company are not audited. These non-audited financial statements are prepared following the United States Generally Accepted Accounting Principles ("GAAP") in the same manner as the audited financial statements. In the management's view, they include all necessary adjustments, which are only regular, recurring adjustments, for a fair representation of the Company's financial statements for the periods shown. The non-audited operational results for the 30 days ending **July 30, 2023**, may not necessarily predict the results for the full year or any other period.

Use of estimates

The creation of these financial statements in accordance with GAAP requires management to make estimates and assumptions. Significant estimates and assumptions include the fair value of customer crypto assets and liabilities.

Customer custodial funds and customer custodial cash liabilities

Customer custodial funds represent restricted cash and cash equivalents maintained on **BOLT VAULT** that are held for the exclusive benefit of customers and deposits in transit from payment processors and financial institutions. Under GAAP, the balance in these accounts that exceeds customer custodial cash liabilities is presented within cash and cash equivalents. Customer custodial cash liabilities represent the obligation to return crypto asset deposits held by customers on TideBit DeFi and unsettled crypto deposits and withdrawals. The Company restricts the use of the assets underlying the customer custodial funds to meet regulatory requirements and classifies the assets as current based on their purpose and availability to fulfill the Company's direct obligation under customer custodial cash liabilities. As of **July 30, 2023** and **July 1, 2023**, the Company's eligible liquid assets were greater than the aggregate amount of customer custodial cash liabilities

3. CUSTOMER ASSETS AND LIABILITIES

TideBit DeFi employs a "P3 (Partial Private-Key Protection)" system of **BOLT** to safeguard the client's crypto assets, held in digital wallets, alongside essential fragments of cryptographic keys required for accessing these assets on our platform. 'P3 (Partial Private-Key Protection)' protocol allows us to safeguard the user's private key. In the event of a loss of the private key, through user authentication, a new set of authorized private key combinations can be reconstituted from other private key fragments, thereby ensuring the retrieval of the user's assets.

These assets and keys are shielded from loss, theft, or any form of misuse. The Firm diligently records crypto assets owned by clients as well as corresponding client crypto liabilities, adhering to the recently enforced SAB 121. We keep track of all assets in digital wallets and parts or the entirety of private keys, including backup keys, managed on behalf of clients on our platform. Crypto assets for which the TideBit DeFi can't recover a

client's access to, are not recorded, as there is no related safeguarding obligation in accordance with SAB 121. TideBit DeFi regularly updates and initially recognizes the assets and liabilities at the fair value of the crypto assets safeguarded for our clients.

During the **30 days ended July 30, 2023**, no losses have been incurred in connection with customer crypto assets

\$ in Thousands	Jul. 30, 2023	Jul. 1, 2023
Customer custodial funds	\$ 1,000	\$ 1,000
Total customer assets	\$ 1,000	\$ 1,000
Customer custodial cash liabilities	\$ 1,000	\$ 1,000
Total customer liabilities	\$ 1,000	\$ 1,000

The following table sets forth the fair value of customer crypto assets, as shown on the condensed consolidated balance sheets, as customer crypto assets and customer crypto liabilities (in billions):

\$ in Thousands	Jul. 30, 2023	Jul. 1, 2023		
	Fair Value	Percentage of Total	Fair Value	Percentage of Total
Bitcoin	\$ 40.2	49.8%	\$ 10.0	16.4%
Ethereum	29.5	36.5%	20.8	34.2%
USDT	11.1	13.7%	30.0	49.3%
Total customer crypto assets	80.8	100.0%	60.8	100.0%

4. Assets Pledged as Collateral

As of **July 30, 2023**, TideBit DeFi had pledged **USDT** that served exclusively as

collateral for certain crypto asset borrowings with a fair value of at least 100% of the loan amount outstanding.

\$ in Thousands	Jul. 30, 2023		Jul. 1, 2023	
	Units	Fair Value	Units	Fair Value
Assets Pledged as Collateral				
USDT	123456789	\$ 123,456	123456789	\$ 123,456
Bitcoin	—	—	—	—
Ethereum	—	—	—	—
Total		\$ 123,456		\$ 123,456

5. CRYPTO ASSETS HELD

As of **July 30, 2023** and **July 1, 2023**, the cost basis and fair value of our crypto assets held at impaired cost was as follows:

\$ in Millions	Jul. 30, 2023		Jul. 1, 2023	
Crypto assets held for operating purposes:	Cost ₍₁₎	Fair Value ₍₂₎	Cost ₍₁₎	Fair Value ₍₂₎
Bitcoin	\$ 40.2	\$ 50.2	\$ 10.0	\$ 11.0
Ethereum	29.5	39.5	20.8	21.8
Other	11.1	21.1	30.0	31.0
Total crypto assets held for operating purposes	\$ 80.8	\$ 110.8	\$ 60.8	\$ 63.8

(1) Cost amounts shown are net of impairment recognized.

(2) The fair value of crypto assets held is based on quoted market prices for one unit of each crypto asset reported on our platform at 00:00 am Coordinated Universal Time (UTC) on the last day of the respective period multiplied by the quantity of each crypto asset held.

6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Company's assets and liabilities measured and recorded at fair value on a recurring basis (in thousands):

\$ in Thousands		Jul. 30, 2023			
Assets		Level 1	Level 2	Level 3	Total
Customer custodial funds		\$ 1,000	\$ —	\$ —	\$ 1,000
USDT		800	—	—	800
Account receivable		200			200
Assets Pledged as Collateral		1000	—	—	1000
Crypto assets held		2000	—	—	2000
Total assets		\$ 5,000	—	—	\$ 5,000
Liabilities and Stockholders' Equity					
Customer custodial cash liabilities		\$ 1,900	—	—	\$ 1,900
Accounts payable		100	—	—	100
Total liabilities		\$ 2,000	—	—	\$ 2,000

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\$ in Thousands

Jul. 1, 2023

Assets	Level 1	Level 2	Level 3	Total
Customer custodial funds	\$ 1,000	\$ —	\$ —	\$ 1,000
USDT	1400	—	—	1400
Account receivable	100			100
Assets Pledged as Collateral	500	—	—	500
Crypto assets held	2000	—	—	2000
Total assets	\$ 5,000	—	—	\$ 5,000
Liabilities and Stockholders' Equity				
Customer custodial cash liabilities	\$ 1,950	—	—	\$ 1,950
Accounts payable	50	—	—	50
Total liabilities	\$ 2,000	—	—	\$ 2,000

7. MARKET PRICE RISK OF CRYPTO ASSETS

Our revenue model primarily hinges on transaction fees, which can be a flat fee or calculated as a percentage of the transaction value. The exact fee may fluctuate depending on the payment type and the transaction value.

However, it's important to be cognizant of the risks associated with crypto asset price volatility, which could negatively impact our operational results. Market prices of Bitcoin, Ethereum, and other crypto assets play a crucial role in determining our future profitability. These prices have shown significant fluctuation month over month, matching the pattern of our operational results, and there is no certainty that they will follow historical trends.

A downturn in the market price of Bitcoin, Ethereum, and other crypto assets could negatively affect our earnings, the carrying value of our crypto assets, and our projected future cash flows. It could also pose a challenge to our liquidity and capability to fulfill

ongoing obligations.

In terms of accounting procedures, we record impairment charges on our crypto assets when the market prices fall below the assets' carrying value.