

Powered by  GAIFA

Statements of Cash Flows

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

CONTENT

1. Statements of Cash Flows

2. Note To Statements of Cash Flows

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.

Statements of Cash Flows

Statements of Cash Flows - USD (\$)		30 Days Ended Jul. 30,	
\$ in Thousands		Jul. 30, 2023	Jul. 1, 2023
Cash flows from operating activities			
Net profit		\$ 1,000	\$ 1,000
Changes in operating assets and liabilities:			
USDT		1100	20
Other current and non-current assets		100	0
Other current and non-current liabilities		(200)	0
Net cash provided by operating activities		1000	20
Cash flows from investing activities			
Purchase of crypto assets held		(20)	0
Disposal of crypto assets held		50	0
Net cash used in investing activities		30	0
Cash flows from financing activities			
Customer custodial cash liabilities		(50)	120
Net cash used in financing activities		(50)	120
Net increase in cash, cash equivalents, and restricted cash		980	140
Effect of exchange rates on cash, cash equivalents, and restricted cash		50	(10)
Cash, cash equivalents, and restricted cash, beginning of period		1,000	870
Cash, cash equivalents, and restricted cash, end of period		\$ 2030	\$ 1,000

Cash, cash equivalents, and restricted cash consisted of the following:

Cash and cash equivalents	\$ 1930	\$ 850
Restricted cash	0	0
Customer custodial cash	100	150
Total cash, cash equivalents, and restricted cash	\$ 2,030	\$ 1,000

Supplemental schedule of non-cash investing and financing activities

Purchase of crypto assets and investments with non-cash consideration	\$ 100	\$ 0
Disposal of crypto assets for non-cash consideration	100	0

Note To Statements of Cash Flows

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. CASH FLOWS

\$ in Thousands	30 Days Ended Jul. 30,	
	2023	2022
Net cash provided by operating activities	\$ 1,000	\$ 20
Net cash used in investing activities	30	0
Net cash used in financing activities	(50)	120
Net increase in cash, cash equivalents, and restricted cash	\$ 980	\$ 140
Effect of exchange rates on cash, cash equivalents, and restricted cash	\$ 50	(10)
Customer custodial cash	\$ 456	\$ 123

4. LIQUIDITY AND CAPITAL RESOURCES

\$ in Thousands	Jul. 30, 2023	Jul. 1, 2023
Cash and cash equivalents:		
Cash and cash equivalents ⁽¹⁾	\$ 1,930	\$ 850
Restricted cash ⁽²⁾	0	0
Customer custodial cash	100	100
Total cash, cash equivalents, and restricted cash	\$ 2,030	\$ 1,000

(1) Cash equivalents consists of USDT and money market funds denominated in U.S. dollars.

(2) Restricted cash consists primarily of amounts held in restricted bank accounts at certain third-party banks as security deposits or pledged as collateral to secure letters of credit.

Exchange rate

- The table represents the exchange rates at 00:00 in the UTC+0 time zone. The exchange rates are used in revenue recognition.
- Please note that the values are approximate and may vary slightly due to market fluctuations.

Quoted Date	BTC to USD		ETH to USD		USDT to USD	
	Buy	Sell	Buy	Sell	Buy	Sell
2023-07-01	31228.7	31293.7	1892.41	1897.39	0.9999	1.0001
2023-07-02	31283.6	31348.9	1897.74	1902.77	0.9998	0.9999
2023-07-03	31338.4	31404.1	1903.07	1908.15	0.9998	0.9999
2023-07-04	31393.2	31459.3	1908.4	1913.53	0.9998	0.9999
2023-07-05	31448	31514.5	1913.72	1918.91	0.9995	0.9996
2023-07-06	31502.8	31569.7	1919.04	1924.29	0.9998	0.9999
2023-07-07	31557.6	31624.9	1924.37	1929.67	1.0001	1.0002
2023-07-08	31612.4	31680.1	1929.7	1935.05	1.0001	1.0002
2023-07-09	31667.2	31735.3	1935.03	1940.43	1.0001	1.0002
2023-07-10	31722	31790.5	1940.36	1945.81	0.9999	1
2023-07-11	31776.8	31845.7	1945.68	1951.19	0.9999	1
2023-07-12	31831.6	31900.9	1951	1956.57	0.9999	1
2023-07-13	31886.4	31956.1	1956.33	1961.95	0.9999	1
2023-07-14	31941.2	32011.3	1961.66	1967.33	1.0004	1.0005
2023-07-15	31996	32066.5	1966.98	1972.71	1	1.0001
2023-07-16	32050.8	32121.7	1972.3	1978.09	1	1.0001
2023-07-17	32105.6	32176.9	1977.63	1983.47	0.9999	1
2023-07-18	32160.4	32232.1	1982.96	1988.85	0.9999	1
2023-07-19	32215.2	32287.3	1988.28	1994.23	0.9998	0.9999
2023-07-20	32270	32342.5	1993.61	1999.61	0.9999	1
2023-07-21	32324.8	32397.7	1998.94	2005	0.9999	1
2023-07-22	32379.6	32452.9	2004.27	2010.38	0.9999	1
2023-07-23	32434.4	32508.1	2009.6	2015.76	0.9999	1
2023-07-24	32489.2	32563.3	2014.93	2021.14	0.9999	1
2023-07-25	32544	32618.5	2020.26	2026.52	0.9999	1
2023-07-26	32598.8	32673.7	2025.59	2031.9	0.9999	1
2023-07-27	32653.6	32728.9	2030.92	2037.28	1	1
2023-07-28	32744.1	32784.1	2030.5	2042.66	0.9999	1
2023-07-29	32829.3	32839.3	2040.2	2048.04	0.9999	1
2023-07-30	32885.5	32894.5	2030.4	2053.42	0.9999	1
2023-07-31	32942.7	32949.7	2045.8	2058.8	0.9999	1

6. 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.