

There are no major updates currently on the transition process, although the work of developing a tax strategy continues. The CPA has completed their initial analysis and we now move on to finalizing tax returns for Secret Foundation Inc. ("SFI") for the 2021 and 2022 tax year. When this work is completed we will have a better sense of the amount of funds that will be available after SFI's tax obligations have been met.

In the meantime, I would like to respond to the comment made on my last update, which raised the question as to why assets held by SFI are subject to taxation in the U.S. First, it is important for me to state clearly that I can only speak to the information that I have received from all stakeholders as to the history of the current foundation vis-a-vis the larger SCRT community.

Having stated that, it is my understanding that SFI was set up as taxable U.S. entity in 2020 on the advice of counsel to the SCRT community stakeholders and leaders involved in SFI's formation. Even in so doing, SFI has worked with U.S. accountants to develop the most tax efficient method of handling the crypto assets flowing in and out of SFI, using strategies that included considering incoming crypto assets as liabilities. However, that single strategy alone is not a silver bullet and SFI must comply with U.S. tax law, as it would even if it were a U.S. non-profit.

Within this transition process a new accountant has been engaged to review SFI historical tax strategy and prior tax filing, develop its own analysis and strategy, and to finalize SFI's 2021 and 2022 tax returns. That work is under way now and we must rely on the guidance of qualified U.S. tax professionals to complete this work. The accounting team has been provided full access to SFI's books and understands the importance of preserving funds so that the new foundation will have as much as possible after SFI has been winded down. All stakeholders involved in the process are working towards this common goal and will continue to do so until the work is complete.