



Financial Update

October 6, 2022



Important Notices

This presentation includes unaudited financial statements and forward-looking information and statements, including the outlook for our businesses. These statements are based on current expectations, estimates, and projections about the factors that may affect our future performance, including global economic conditions and the economic conditions of the markets that are significant for Sovryn. These expectations, estimates, and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “outlook”, “on track”, “2022 framework,” or similar expressions.

Numerous risks and uncertainties are beyond our control, which could cause our actual results to differ materially from the forward-looking information and statements made in this presentation, which could affect our ability to achieve any or all our stated targets. The critical factors that could cause such differences include, among others:

- business risks associated with the volatile global economic environment and political conditions;
- costs associated with compliance activities;
- market acceptance of new products and services;
- changes in governmental regulations, asset values, and currency exchange rates; and
- such other factors as may be discussed from time to time in the Protocol’s Community Updates

While Sovryn believes that its expectations reflected in any forward-looking statement are based upon reasonable assumptions, it cannot assure that those expectations will be achieved. Note that this presentation contains non-GAAP measures of performance.

- 01 Treasury Balances

- 02 Budget Assumptions

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01 TREASURY BALANCES

Net Current Assets

Prevailing Market (USD) Sep. 30, 2022

Cash and Inventory

8,146,290

Trade Receivables (as of Q2 2022)

443,572

Trade Liabilities (as of Q2 2022)

(358,396)

Total

8,231,466

Asset Allocation

Cash and Inventory

USD 70% BTC 25%, BNB 3%; ETH 2%

02 BUDGET ASSUMPTIONS

- Cryptoasset prices remain at current levels
- Bear market lasts for an additional 20 months
- No additional capital raised
- No income generated for the Treasury
- Sovryn user losses incurred by the October 4 exploit are covered by Treasury funds

03 FINANCIAL OBJECTIVES

- Ensure a 20-month runway
- Retain and develop talent
- Ability to scale up fast
- Deliver top line growth

04 ACTION PLAN

Headcount

- Adoption – optimize support resources
- Development – focus resources on products with most traction
- Operations – share resources between Sovryn and BF

Non-Headcount

- Exchange Listings
- Focus on bug bounties
- Legal spend optimization
- Infrastructure spend optimization

05 PRELIMINARY BUDGET PROPOSAL*

*The Sovryn Exchequer Committee is undertaking a review of budgetary requirements in light of a revised roadmap that is under development.

As a result, the Budget proposal presented in this document may be subject to modification before being raised as a SIP for Bitcoracy approval.

| | Previous Budget | Target Budget | Change | |
|-------------------|-----------------|----------------|------------------|--------------|
| OpEx | USD | USD | USD | % |
| Headcount | 513,614 | 292,180 | (175,607) | (43%) |
| Non-Headcount | 344,778 | 94,986 | (234,631) | (72%) |
| Total OpEx | 858,392 | 387,166 | (410,238) | (55%) |

Focus on Non-Headcount Savings

As of October 5, the financial impact of the system exploit, which occurred on October 4, is estimated to be between \$400,000 and \$650,000. The Sovryn Treasury will cover this shortfall. Based on this estimation and the budget proposal, **the project runway is approx. 20 months.**

06 2022 Q2 FINANCIAL REPORTS

Financials - P&L

| Profit & Loss (USD) | 2022 Q2 | 2022 Q1 | 2021 Q4 |
|-----------------------------|--------------------|--------------------|--------------------|
| INCOME | | | |
| Gross Profit | 0 | 0 | 0 |
| EXPENSES | | | |
| Adoption | 427,011 | 414,401 | 508,440 |
| Development | 913,257 | 1,127,978 | 1,674,979 |
| Operations | 462,456 | 514,206 | 511,285 |
| Overhead | 40,015 | 7,274 | 43,582 |
| TOTAL EXPENSES | 1,842,739 | 2,063,859 | 2,738,286 |
| NET OPERATING INCOME | (1,842,739) | (2,063,859) | (2,738,286) |
| Other Income | | | |
| Unrealized Gains & (Losses) | 761,555 | (3,533,453) | 3,274,611 |
| Net Other Income | 761,555 | (3,533,453) | 3,274,611 |
| NET INCOME | (1,081,184) | (5,597,312) | 536,325 |

Financials - Balance Sheet

| Balance Sheet (USD) | 2022 Q2 | 2022 Q1 | 2021 Q4 |
|-------------------------------------|------------------|-------------------|-------------------|
| ASSETS | | | |
| Funds from Token | 9,222,166 | 10,697,517 | 16,624,887 |
| Trade Receivables | 418,572 | 211,662 | 87,372 |
| Security Deposit | 51,564 | - | - |
| TOTAL ASSETS | 9,692,302 | 10,909,179 | 16,712,259 |
| LIABILITIES AND EQUITY | | | |
| Accounts Payable | 4,873 | 7,700 | 9,580 |
| Accrued Expenses | 174,703 | 307,569 | 511,456 |
| Total Current Liabilities | 179,576 | 315,269 | 521,036 |
| Equity | | | |
| Retained Earnings | (7,183,432) | (7,183,432) | (156,531) |
| Equity | 23,374,654 | 23,374,654 | 23,374,654 |
| Net Income | (6,678,496) | (5,597,312) | (7,026,900) |
| Total Equity | 9,512,726 | 10,593,910 | 16,191,222 |
| TOTAL LIABILITIES AND EQUITY | 9,692,302 | 10,909,179 | 16,712,259 |