

Preliminary results for the first half of the 2022-2023 financial year (ending on September 30, 2022)

- Preliminary consolidated revenue: €2.4 million, compared to €0.5 million in H1 2021-2022
- Profitable current operating profit: €0.6 million, compared to €0.1 million in H1 2021-2022
- Small net loss, €(0.7) million compared to €0.1 million in H1 2021-2022, reflecting the change in the valuation of the cryptocurrency portfolio
- Continuation of the development strategy focused on various Web3.0 and AlphaVerse pillars, with the implementation of new universes and partnerships notably in football

CRYPTO BLOCKCHAIN INDUSTRIES ("CBI", Euronext Growth Paris: FR00140062P9 - ALCBI) announces its preliminary consolidated results for the first half of the 2022-2023 financial year, ending September 30, 2022. The results under audit were reviewed by the Board of Directors on November 2022. The audit procedures for the consolidated financial statements are being finalized. The auditors' limited review report will be published in the half-yearly financial report 2022-2023.

Frédéric Chesnais, Chairman and CEO, said: *"These first six months have been very important in laying the foundation for the development of AlphaVerse and we are delighted to have been able to test the core part of our virtual world with first-time users. With careful design and innovative technologies, we have secured important partnerships, notably in the field of music, digital art and charitable organizations and caritative programs. With our open and connected Web3.0 platform, we are able to offer a variety of experiences: games, content sharing, NFT creation and exchange, and many community management solutions. We are now working on developing partnerships in the field of sport, and in particular football, which has its own place within AlphaVerse. To ensure broad accessibility, access to AlphaVerse is open to all. Prior acquisition of crypto-currencies is not a prerequisite. Similarly, we also offer microtransactions in traditional currencies as much as possible, an essential feature to capture a large number of users and modulate our development according to the fluctuations of the blockchain industry."*

CBI: Strategy and development of a connected and open virtual world

The core of the business is currently focused on the development of AlphaVerse, a well-designed and feature-rich digital virtual world. AlphaVerse is organized around a central place, the "Hub", which connects many worlds in the field of games and entertainment. AlphaVerse is an open and versatile Web3.0 online platform that offers gaming and interaction experiences, as well as content creation and sharing. AlphaVerse operates on the traditional side with payments in traditional currencies, and on the blockchain side with major cryptocurrencies as well as the Crystal token, AlphaVerse's cryptocurrency. 600 million units of the Crystal token have been created on the blockchain with first private sales already completed for US\$ 1.8 million on a valuation basis of US\$ 50.0 million for all Crystal tokens (i.e. US\$ 0.083 per Crystal token).

Some universes are developed by CBI for its own account, others are developed by CBI in association with partners, and others by third parties with a view to being linked to AlphaVerse through the Hub. The Hub was first opened in September 2022 for a test phase, which generated a lot of positive and rewarding feedback. After an initial development phase during which priority was given to video games, music and the associative world, all of which are major fields with large international communities, the following universes are currently being developed:



- **MetaCoaster:** a blockchain-based theme park simulation game. Users will be able to play solo to hone their skills or participate in global park building competitions and win cryptos.
- **United At Home // Beat AlphaVerse:** a universe dedicated to electronic music and philanthropy developed for and with the famous DJ and music producer David Guetta, in particular to deploy his charity programme "United at Home" in the metaverse.
- **HorYou AlphaVerse:** a metaverse dedicated to social good, sustainability and the fight against climate change. Built in partnership with the Horyou social network and the Horyou Foundation.
- **Qtopia AlphaVerse:** a social metaverse for the LGBTQ community and its allies to connect to each other and to trusted brands. In Qtopia, users can participate in activities, events and mini-games while giving back to charities important to the community.
- **Artech AlphaVerse:** Those nostalgic for the digital works of the 90s will find their place in Artech. Artech is a metaverse entirely dedicated to digital art and artists, where we create a whole digital art ecosystem with artists, galleries, events and exhibitions through the use of NFT and blockchain technology.
- **Chi Modu AlphaVerse:** this metaverse provides a virtual space dedicated to the life and work of Chi Modu, a legendary photographer, where emerging artists can find the inspiration and resources to pursue their dreams while giving back to the community.
- **Xave World:** Xave AlphaVerse immerses the user in an ever-expanding and evolving open virtual world, where music fans discover a new world filled with music, incredible shows, festivals and events. This metaverse is being acquired by CBI, for \$1 million paid mainly in CBI shares and an earn out clause.
- **Chain Games:** Chain Games is a blockchain-integrated gaming network that offers decentralized skill games, Skill-Based and Play-to-Earn contests, allowing players to earn crypto-currencies for their efforts.
- **Rave-Age:** Rave-Age is dedicated to the rave and electronic music community, its history, key figures and the latest industry news. Visitors to the Rave-Age AlphaVerse will be able to watch videos, collect NFTs and share experiences and content related to rave culture and electronic music. Users will be able to organize artistic events, such as festivals, concerts and exhibitions around the rave culture and electronic music community.
- **Apex Islands:** Apex AlphaVerse is a digital animal sanctuary powered by the metaverse where the public can purchase digital artworks (NFTs) based on powerful animals, both living and extinct. This world is owned, developed and operated by Very Rare, LLC.

In addition to AlphaVerse, CBI invests and shares its expertise in various projects related to blockchain technology. In particular, CBI has invested in four companies: two premium video games that are being adapted to incorporate blockchain technologies (OP Productions, LLC and Free Reign East, LLC), a transportation marketplace company developing a blockchain-based solution (National Carrier Exchange), and a talent management agency (Blockchain Artists Agency) that works with celebrities from all walks of life to develop their image on blockchain, notably through NFTs and community animation tools.

Highlights of the first half of the 2022-2023 financial year

Highlights of the first half of the 2022-2023 financial year, ending on September 30, 2022, are as follows:

1. Partnership with Chain Games

On July 26, 2022, CBI entered into a partnership agreement with Chain Games, publisher of Skill-Based and Play-to-Earn games, for the creation of dedicated spaces for its games and the development of content in the AlphaVerse, in exchange for a license fee of US\$ 2 million paid by Chain Games to CBI.

CBI and Chain Games have entered into a series of agreements, under which:

- (i) the Company sold to Chain Games the right to own space in the Hub, for US\$ 2 million paid by Chain Games in CHAIN tokens;
- (ii) the Company and Chain Games have agreed to share future revenue generated in this Hub space;
- (iii) Chain Games has agreed to develop a separate world, with the Company being entitled to receive a portion of the revenue generated by that separate world;
- (iv) the Company has retained Chain Games as its strategic advisor for the next 5 years in exchange for CBI shares and CRY tokens.

2. Repayment of the 2,000,000 CBI share loan

On July 29, 2022, the Company entered into an amendment to the loan agreement granted on April 21, 2022 by Ker Ventures SARL to prepay the loan of 2,000,000 CBI shares.



3. Loan agreement for 5,000,000 CBI shares

On July 29, 2022, the Company entered into a loan agreement for 5 million CBI shares with its main shareholders, Ker Ventures, SARL. The loan is short-term, valued at EUR 5 million and bears interest at 2% per annum. It is a regulated agreement. This loan agreement has not yet been implemented and will be implemented as and when required by the Company.

4. Change of listing compartment

On August 3, 2022 CBI was able to transfer its shares from the E1 listing group (private placement) to E2 (public offering) on the Euronext Growth Paris market. This transfer was carried out by way of direct admission and did not involve the issue of new shares or the placement of existing shares.

5. Amendment to the liquidity contract with TSAF

200,000 in cash was withdrawn from the liquidity contract at TSAF on September 5, 2022.

6. Opening of the AlphaVerse

On September 21, 2022, CBI opened the central part (the Hub) of its AlphaVerse metaverse to the first players from its community.

7. Conflict between Ukraine and Russia

Crypto Blockchain Industries (CBI) is not exposed to the situation in Russia and Ukraine. CBI has no suppliers, customers, employees, affiliates or financial ties to Russia and Ukraine.

Events after the balance sheet date

As of the date of this press release, the following events occurred after the end of the period:

1. Proposed acquisition of Xave World

Upon completion of the acquisition of Xave world, a music-centric metaverse, will become part of AlphaVerse. Xave world will offer a wide range of features and experiences: communities, NFT marketplace, concerts, recordings and a dedicated cryptocurrency. With this acquisition, CBI continues to strengthen its footprint in the music space. The purchase price is €1.0 million: €0.1 million in cash and €0.9 million paid in CBI shares to be issued, valued at €1.0 for each CBI share. The acquisition is expected to be completed by March 31, 2023.

2. Risk factors

The Company has decided to draw the public's attention to the inflationary risk and will detail the exposure and management of this risk in its Half Yearly Financial Report 2022-2023. The Company's exposure to this risk is medium. The Company has decided to draw the public's attention to the risk of bankruptcy of trading platforms, and will detail this in its 2022-2023 Half Year Financial Report. The Company does not deposit any of its crypto assets on exchange platforms held by third parties, so the Company's exposure to this risk is nonexistent.

Preliminary consolidated accounts for the first half of the 2022-2023 financial year

The preliminary consolidated financial statements as at September 30, 2022 have been prepared in accordance with IFRS accounting principles and standards. In particular, they include the activities of the operating companies Crypto Blockchain Industries, SA, OP Productions, LLC and Free Reign East, LLC from April 1, 2022 to September 30, 2022. The figures in the tables in this press release are rounded to thousands of euros.

PRELIMINARY CONSOLIDATED INCOME STATEMENT

IFRS, in 000's of € and in % of revenue	September 30, 2022		September 30, 2021		Change
Revenues	2 395,5	100,00%	446,8	100,00%	436,15%
Cost of goods solds	(32,5)	-1,36%	0,8	-11,40%	n/s
Gross margin	2 363,0	98,64%	447,6	88,60%	427,93%
R&D expenses	(538,9)	-22,50%	(164,3)	-36,77%	228,00%
Sales & marketing expenses	(667,0)	-27,84%	-	-	-
G&A expenses	(569,3)	-23,77%	(148,4)	-33,21%	283,63%
Other operating income (expenses)	-	-	-	-	-
Current operating income	587,8	24,54%	134,9	30,19%	335,73%
Other income (expenses)	(1 243,0)	-51,89%	-	-	-
Operating income	(655,2)	-27,35%	134,9	30,19%	-585,69%
Cost of debt	(94,4)	-3,94%	-	-	-
Other financial income (expenses)	57,0	2,38%	-	-	-
Income taxes	-	-	-	-	-
Net profit (loss)	(692,6)	-28,91%	134,9	30,19%	-613,42%
Minority interests	(2,1)	-0,09%	(38,6)	-8,64%	-94,56%
Net profit Group share	(694,7)	-29,00%	96,3	21,55%	-821,39%

Analysis of preliminary consolidated results

At September 30, 2022, CBI recorded preliminary revenue of €2,395.5k, mainly from licenses and services concluded with partners Chain Games and Cornucopias.

Over the 6 months of commercial activities, the revenue from the sale of NFTs and tokens is mainly derived from sales or pre-sales made for AlphaVerse, with Chain Games and Horyou AlphaVerse in particular.

The pro forma gross margin was 98.64% of revenue for the period.

Preliminary research and development costs of €538.9K are related to the operation and development of AlphaVerse. The Company mobilizes significant external resources, including 3 independent studios, specialized in the development of blockchain-based worlds and innovative video games. This allows to keep a flexible cost structure and to benefit from a pool of skills adapted to the pace of AlphaVerse's development. Concerning the metaverse, the value of the intellectual property rights is recorded as an asset on the balance sheet and has not given rise to amortization as of September 30, 2022, as this amortization starts at the opening of the metaverse.

Preliminary marketing and sales expenses of €667.0K include the promotion of AlphaVerse through the launch of online marketing campaigns. Expenses for the period are also related to the OP Productions game.

Preliminary general and administrative expenses for the period mainly reflect the salaries of the management and holding staff (6 full-time equivalents), as well as general expenses related to the listing of the Company's shares on the Euronext Growth market.

The preliminary operating profit from ordinary activities for the first half of the year, at €587.8K, or 24.5% of revenue, reflects the increased development of the activities, particularly AlphaVerse.

Other income and expenses in the amount of €(1,243.0) K consist of the depreciation of crypto-currency inventories and tokens valued at the closing price of September 30, 2022, in connection with the change in the value of its assets over the period. After taking this impairment into account, preliminary operating income was €(655.2)K, compared to €134.9 K for the same period last year.

Preliminary consolidated financial expenses reflect interest on the Ker Ventures loan at the legal rate and IFRS 16 restatements relating to rents. Preliminary consolidated financial income mainly reflects capital gains realized by the investment services provider TSAF in the context of the CBI share liquidity contract. Preliminary consolidated minority interests represent the amount attributable to the 23% owners of OP Productions, LLC and Free Reign East, LLC and amounted to €2.1k for the period.

The preliminary consolidated net result (Group share) for the period amounts to a net loss of (694.7) K€, compared to a profit of 96.3 K€ for the same period of the previous financial year, in a phase of increasing activity and projects, which will strengthen the commercial activity as they progress.

PRELIMINARY CONSOLIDATED BALANCE SHEET

ASSETS (in €'000)	September 30, 2022	March 31, 2022
Intangible assets	11 540,7	11 014,5
Tangible assets	13,3	11,8
IFRS 16 restatement (leases)	2 104,7	2 236,2
Financial assets	8 144,9	8 144,9
LONG-TERM ASSETS	21 803,6	21 407,4
Inventory of cryptocurrencies and NFTs	2 615,6	2 828,5
Accounts receivable	250,2	440,4
Other current assets	449,8	-
Cash and liquidity	582,8	2 647,2
SHORT-TERM ASSETS	3 898,4	5 916,1
TOTAL ASSETS	25 702,0	27 323,5

SHAREHOLDERS' EQUITY AND LIABILITIES (in €'000)	September 30, 2022	March 31, 2022
Share capital	24 458,8	24 258,8
Premium and consolidated reserves	(7 040,3)	(10 446,8)
Net Income, Group share	(694,7)	3 807,0
CONSOLIDATED EQUITY, GROUPE SHARE	16 723,8	17 619,0
Minority interests	241,1	206,6
TOTAL CONSOLIDATED EQUITY	16 964,9	17 825,6
Shareholders' loan	4 767,6	4 573,4
Restatement IFRS 16 (leases)	1 894,6	2 015,6
LONG-TERM LIABILITIES	6 662,2	6 589,0
Short term lease liabilities	240,1	236,5
Accounts payable	1 598,6	2 559,2
Other liabilities	236,2	113,2
SHORT-TERM LIABILITIES	2 074,9	2 908,9
SHAREHOLDERS' EQUITY AND LIABILITIES	25 702,0	27 323,5

Analysis of the preliminary consolidated balance sheet

Amounts invested in the development of the games and the metaverse are capitalized and then amortized from the time they are brought into use. The value of the intellectual property rights is recorded as an asset on the balance sheet and has not been amortized as at September 30, 2022. This amortization will start at the opening of the metaverse after the test phase. Thus, as at September 30, 2022, preliminary consolidated intangible assets amounted to €11.5m, compared with €11.0m as at March 31, 2022.

The portfolio of shares and financial instruments is unlisted and valued on the basis of the contribution value, i.e. €8.1m for this first half.

The inventory of cryptocurrencies is initially recognized on the basis of the acquisition price. At the accounting year end, each cryptocurrency is then valued based on the volume weighted average price at that date 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 unrealized gain is recognized. If the cost price of a cryptocurrency is higher than its market value, an impairment is recognized in the income statement. It is reflected in this first half-year in the category of operating "Other income and expenses".



Token	# Tokens	Market Price/Token US\$	Market Value US\$	Market Value Euro	Gross Value Euro	Accrual Euro	Accrual on reserves Euro	Net Value Euro
	A	B	A*B	C = A*B	D	E = C - D (if < 0)		D-E
ETH	124.85	\$1332.5000	\$166 359.10	170 659.73 €	488 265.73 €	-317 606.00 €		170 659.73 €
USDT	51 050.73	\$1.0000	\$51 050.73	52 370.47 €	45 530.24 €	6 840.23 €		52 370.47 €
BTC	26.98	\$19416.6800	\$523 862.03	537 404.62 €	1 160 681.88 €	-623 277.26 €		537 404.62 €
USDC	261 952.00	\$1.0000	\$261 952.00	268 723.84 €	195 655.30 €	73 068.54 €		268 723.84 €
CHAIN GAMES	54 095 429.00	\$0.0253	\$1 370 778.17	1 406 214.78 €	1 970 055.16 €	-563 840.38 €		1 406 214.78 €
BNB	0.51	\$282.2900	\$143.69	147.40 €	84.15 €	63.25 €		147.40 €
WETH	0.98	\$1332.5000	\$1 309.57	1 343.42 €	2 336.15 €	-992.73 €		1 343.42 €
MATIC	507.36	\$0.7732	\$438.68	450.02 €	349.59 €	100.43 €		450.02 €
COPX	4 800 001.00	\$0.0129	\$62 064.01	63 668.46 €	63 872.02 €	794.44 €		63 668.46 €
ATB	30 326 489.00	\$0.0036	\$110 400.71	113 459.89 €	696 542.39 €	0.00 €	-583 082.50 €	113 459.89 €
CRYS	493 760 000.00	\$0.0833	\$41 145 020.80	42 208 679.52 €	493.76 €	0.00 €		493.76 €
LIGHTS	6 520 000 000.00	\$0.0025	\$16 300 000.00	16 721 378.74 €	652.00 €	0.00 €		652.00 €
TOTAL			\$59 993 579.48	61 544 500.91 €	4 623 518.37 €	-1 424 847.48 €	-583 082.50 €	2 615 588.40 €

The Company has not deposited its assets on any trading platform. They are retained in the Company's own wallets.

Preliminary consolidated equity, Group Share, amounts to €16.7m as at September 30, 2022. The change is due to the profit for the year 2021-2022, the asset contributions made by Ker Ventures, EURL during the period, the October 2021 private placement of shares, all reduced by the redemption price of the warrant issued to the Atari Group, as part of the agreement of March 30, 2022.

Preliminary consolidated net cash / financial liabilities

At September 30, 2022, the Group had €582.7k in cash and cash equivalents.

IFRS 16 (restatement of leases) has been applied and has resulted in the recognition of assets of €2,104.7k and liabilities of €2,134.7k (of which €1,894.6k is long term and the balance short term).

Outlook for the year 2022-2023 (ending March 31, 2023)

CBI intends to continue to develop AlphaVerse to become one of the leading Web3.0 players worldwide.

For the 2022-2023 financial year, CBI's objective is to achieve significant growth in its community, which will ensure the growth of its future activities. Revenue and profit levels for 2022-2023 will depend on the pace at which the universes are opened and the progress of pre-sales of NFTs linked to these universes. In a highly volatile market, these levels are difficult to predict at this stage. All employees are focused on the development of AlphaVerse, both technologically and in the implementation of new partnerships, particularly in the field of football.

Disclaimer:

The realisation of projects, as well as their operational budget and financing plan, remain fundamentally subject to uncertainties, and the non-realisation of the underlying assumptions may have a significant impact on the value of assets and liabilities.

About CBI

CRYPTO BLOCKCHAIN INDUSTRIES ("CBI") is a French company that develops, operates and invests in video games, business applications and selected projects relating to the blockchain, non-fungible tokens ("NFTs") and cryptocurrencies. Founded by Frédéric Chesnais, a renowned gaming industry entrepreneur and blockchain pioneer, CBI aims to develop and unlock value from a portfolio of blockchain activities across multiple industries (video games, finance, logistics, etc.) with a view to capitalizing on this technology, either directly or through partnerships. CBI has already made several investments and is currently launching AlphaVerse, a blockchain technology-based virtual world, or metaverse. CBI shares are listed on the E2 compartment (Public offer) of the Euronext Growth Paris stock exchange. Learn more at www.cbicorp.io.

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