

CBI : Preliminary earnings for FY 2021-22

- 2021-2022 preliminary consolidated revenues of €4.3 million for around four months of full activity from December 2021
- 2021-2022 preliminary consolidated EBIT of €1.9 million (45% of revenues) and preliminary consolidated net profit of €3.8 million (89% of revenues)
- Targeting significant business growth in 2022-23 with the opening of the metaverse and a number of universes

CRYPTO BLOCKCHAIN INDUSTRIES (« CBI », Euronext Growth Paris : FR00140062P9 – ALCBI) is reporting its preliminary consolidated full-year earnings for FY 2021-22. The 12-month financial year ended on March 31, 2022 and the financial results under audit were reviewed by the Board of Directors on May 9, 2022. The audit procedures for the consolidated financial statements are currently being finalized. The auditors' reports will be issued following verification of the notes to the financial statements and the information contained in the annual financial report. The numbers set forth in this press release have been rounded to thousands of euros.

During the year CBI's started its blockchain, NFTs and crypto currencies activities focused in particular on the development of its AlphaVerse metaverse. As CBI began recording its first sales at end-November 2021, the reported results represent around four months of full activity.

Frédéric Chesnais, Chairman of the Board and CEO, stated: *"CBI's business model is to leverage the long-term growth and profitability potential of the blockchain and metaverses, virtual worlds in which users transact directly without intermediaries. Our strategy is focused on Games and Entertainment in the broadest sense, from music to photography and sports, creating and connecting as many universes as possible in order to offer the widest possible range of experience and services. For 2022-23, CBI is targeting significant revenue growth, driven by the launch of AlphaVerse and its related universes and NFTs"*.

Consolidated key figures for fiscal year 2021-2022

IFRS, in € '000 and in % of revenue	March 31, 2022		March 31, 2021		Change	
REVENUE	4,280.7	100.0%	0.0	100.0%	n/s	n/s
EBIT	1,943.0	45.4%	(5.0)	n/s	n/s	n/s
NET PROFIT, GROUP SHARE	3,807.0	88.9%	(5.0)	n/s	n/s	n/s

CBI: Strategy and development of a connected and open metaverse

CRYPTO BLOCKCHAIN INDUSTRIES ("CBI") is a French company developing and leveraging a portfolio of blockchain activities in order to capitalize on this technology, either directly or through partnerships.

Its core business is currently focused on the development of AlphaVerse, a digital world (metaverse), developed on the blockchain. Scheduled to open in the summer of 2022, CBI's metaverse aims to offer richer and more diverse experiences than traditional video games.

A true exchange and sharing platform, AlphaVerse is designed around a central "Hub", that connects many different universes in the gaming and entertainment universes. Some universes are developed by CBI directly, while others are developed by CBI with partners, and others are developed by third parties to be linked to AlphaVerse through the Hub. Today, CBI has focused its content on video games, entertainment, and in particular music and digital arts, interests that bring together large communities. It has also developed an original model for funding charitable initiatives. Within this framework, CBI has partnered with and launched the development of various universes and associated NFTs, including MetaCoaster, United at Home, Chi Modu, Horyou and Artech.

The universes offer gaming and interaction experiences, content sharing and creation, and exchanges. Visitors and players will be able to create, offer, and trade content within the game through NFTs and cryptocurrencies, as well as outside it, on various blockchain platforms.



In addition to the metaverse, CBI's projects include developing and marketing non-fungible tokens ("NFTs") and cryptocurrencies, and specifically Crystal, AlphaVerse's cryptocurrency, of which 600 million units have been created on the blockchain with the first private sales already completed, and more generally, the investment in blockchain technology related projects.

Main achievements in FY 2021-2022

FY 2021-22 enabled the company to establish the foundations for its development and starting up its activity. The last few months were marked by the following transactions:

- September 2021: Finalization of the contribution in kind of assets to the Company (see below)
- September 2021: Creation of the Crystal (CRYS) token, the cryptocurrency to be used in AlphaVerse - 600 million units created on the Binance Smart Chain
- October 2021: Listing of CBI shares on Euronext Growth
- November 2021: First sales of CRYS and NFT
- January 2022: 10-for-1 stock split in January 2022
- February 2022: Allocation of free shares, based on one free share for every four shares held
- March 2022: Buyback and cancellation of the warrant that allowed Atari to acquire 5% of CBI's share capital at a price of €0.1 per share, in exchange for the termination of the Atari license, payment of USD \$100,000, €12,000 and transfer of 3,500,000 Atari shares held by CBI to Atari.

Objectives for FY 2022-23

For FY 2022-23, the goal is to continue to develop AlphaVerse to become one of the main players in the metaverse worldwide.

CBI is targeting significant revenue growth, driven by the launch of AlphaVerse and the first associated universes, including MetaCoaster (theme park game), Chi Modu (hip-hop artist photographer), Horyou (environmental protection foundation), Art Tech (digital art), Rave Age (electronic music) and Xave (music, currently being acquired).

The level of profitability in 2022-23 will depend on the composition of revenues and is therefore difficult to predict at this stage.

Preliminary consolidated financial statements for FY 2021-22

The preliminary consolidated financial statements at March 31, 2022 have been prepared in accordance with IFRS accounting principles and standards.

They include the activities of the operating companies Crypto Blockchain Industries, SA, OP Productions, LLC and Free Reign East, LLC from April 1, 2021 to March 31, 2022 as well as the contribution in kind of cash, Atari shares, Atari tokens and the investment in National Carrier Exchange, LLC (contribution made on September 24, 2021) and lastly CBI's buyback, on March 29, 2022, of the warrant that allowed the Atari Group to acquire 5% of CBI's share capital for a price per share equal to the par value, i.e. €0.1 per share.



PRELIMINARY CONSOLIDATED INCOME STATEMENT

IFRS, in € '000 and in % of revenues	March 31, 2022		March 31, 2021		Change	
Revenues	4,280.7	100.0%	0,0	100.0%	n/s	n/s
Cost of goods solds	(487.1)	-11.4%	-	0.0%	n/s	n/s
Gross margin	3,793.6	88.6%	0,0	100.0%	n/s	n/s
R&D expenses	(538.5)	-12.6%	(0,0)	0.0%	n/s	n/s
Sales & marketing expenses	(562.5)	-13.1%	(0,0)	0.0%	n/s	n/s
G&A expenses	(749.6)	-17.5%	(5.0)	0.0%	n/s	n/s
Other operating income (expenses)	-	-	-	0.0%	n/s	n/s
Current operating income	1,943.0	45.4%	(5,0)	n/s	n/s	n/s
Other income (expenses)	-	-	-	0.0%	n/s	n/s
Operating income	1,943.0	45.4%	(5,0)	n/s	n/s	n/s
Cost of debt	(62,2)	-1,4%	-	0.0%	n/s	n/s
Other financial income (expenses)	2 044,7	47,7%	-	0.0%	n/s	n/s
Income taxes	-	-	-	0.0%	n/s	n/s
Net profit (loss)	3,925.5	91.7%	(5,0)	n/s	n/s	n/s
Minority interests	(118.5)	-2.8%	-	0.0%	n/s	n/s
Net profit Group share	3,807.0	88.9%	(5,0)	n/s	n/s	n/s

The CBI Group had no activity in FY 2020-21, as the Company was formed in January 2021.

Preliminary consolidated revenues

The first sales of licenses and NFTs started at the end of November 2021, and the results at March 31, 2022 therefore represent four months of activity.

At March 31, 2022, CBI is reporting preliminary consolidated revenues of €4,280.7K, mainly from the first sales of NFTs and tokens related to the development of the universes and AlphaVerse, and to a lesser extent, the licenses and online games of the subsidiaries OP Productions and Free Reign East. NCX is not consolidated.

Over the four months of commercial activities, the proceeds from sales of NFTs and tokens are mainly derived from the sales or pre-sales recorded for AlphaVerse, including United at Home (Beat AlphaVerse), among others.

Preliminary consolidated income from operations

The pro forma gross margin came to 88.6% of revenues for the period.

Preliminary consolidated research and development expenses include the development and operation of video games. Their change depends on the level of new features developed. Classic video games are fully amortized, and there is no additional depreciation. With respect to the metaverse, the value of the intellectual property rights is recorded as an asset on the balance sheet and has not been amortized at March 31, 2022, as this amortization starts from the opening of the metaverse.

Preliminary consolidated sales and marketing expenses include advertising of the games through the launch of online campaigns. The expenses for the period related to OP Productions' game with new features, which resulted in additional marketing expenses to acquire additional players, and to marketing operations on the metaverse.

Preliminary consolidated general and administrative expenses for the period mainly reflect management expenses, as well as general expenses related to the listing of the company's shares on Euronext Growth market.

Preliminary consolidated operating income for the period came to €1,943.0k, compared to €(5.0)k for the same period last year.

The preliminary consolidated financial expenses reflects the interest paid at the legal rate on the Ker Ventures loan and the IFRS 16 restatements, while consolidated financial income mainly reflects the capital gains recorded by the investment services provider TSAF under the liquidity contract for CBI shares.

Preliminary consolidated minority interests represent the amount attributable to the 23% owners of OP Productions, LLC and Free Reign East, LLC and totaled €118.5K for the period.

There is no corporate income tax payable for the period.

The preliminary consolidated net profit (Group share) for the period came to €3,807.0 K, compared with a €(5.0) K loss for the same period last year.



PRELIMINARY CONSOLIDATED BALANCE SHEET

ASSETS (in €'000)	March 31, 2022	March 31, 2021
Intangible assets	6,912.9	-
Tangible assets	11.8	-
IFRS 16 restatement (leases)	2,236.2	-
Financial assets	12,246.6	-
LONG-TERM ASSETS	21,407.5	-
Inventory of cryptocurrencies and NFTs	2,828.5	-
Accounts receivable	440.4	-
Cash and liquidity	2,647.2	37.0
SHORT-TERM ASSETS	5,916.1	37.0
TOTAL ASSETS	27,323.6	37.0

SHAREHOLDERS' EQUITY AND LIABILITIES (in €'000)	March 31, 2022	March 31, 2021
Share capital	24,258.8	37.0
Premium and consolidated reserves	(10,446.8)	-
Net Income, Group share	3,807.0	(5.0)
CONSOLIDATED EQUITY, GROUPE SHARE	17,619.0	32.0
Minority interests	206.6	-
TOTAL CONSOLIDATED EQUITY	17,825.6	32.0
Shareholders' loan	4,573.4	-
Restatement IFRS 16 (leases)	2,015.6	-
LONG-TERM LIABILITIES	6,589.0	-
Accounts payable	2,559.2	5.0
Other liabilities	349.8	-
SHORT-TERM LIABILITIES	2,909.0	-
SHAREHOLDERS' EQUITY AND LIABILITIES	27,323.6	37.0

Preliminary consolidated intangible assets

Amounts invested in the development of the games and the metaverse are capitalized and amortized from the date they are put into service. For the metaverse, the value of the intellectual property rights is recorded as an asset on the balance sheet and has not been amortized at March 31, 2022. This amortization will begin when the metaverse opens, scheduled for the end of the first half FY 2022-23.

Preliminary consolidated financial assets

When listed, the portfolio of shares and financial instruments is valued based on a volume-weighted average price calculated over six months (V-WAP). This method was also used for the contribution in kind made in September 2021. Atari shares were used during the year to buy back the warrant issued to the Atari Group.

Preliminary consolidated token and NFT inventory

The inventory of tokens is recorded at cost, based on the purchase price. Each cryptocurrency is valued based on different volume-weighted average prices 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 unearned revenue is recognized. If the cost price of a cryptocurrency is greater than its market value, an impairment loss is recognized in profit and loss. At March 31, 2022 the inventory was valued at €2,828.5K.



Token	# Tokens	Market Price/Token US\$	Market Value US\$	Market Value Euro	Gross Value Euro	Accrual Euro	Net Value Euro
	A	B	A*B	C = A*B 1,1085	D	E = C - D (IF < 0)	D-E
ETH	126,76	\$3282,3000	\$416 049,83	€ 375 326,86	€ 492 355,39	-€ 117 028,53	€ 375 326,86
USDT	6 277,00	\$1,0000	\$6 277,00	€ 5 662,61	€ 5 340,62	€ -	€ 5 340,62
BTC	26,98	\$45 528,0000	\$1 228 345,44	€ 1 108 114,97	€ 1 160 681,88	-€ 52 566,91	€ 1 108 114,97
USDC	738 763,02	\$1,0000	\$738 763,02	€ 666 452,88	€ 652 443,70	€ -	€ 652 443,70
CHAIN GAMES	-	\$0,2000	\$0,00	€ -	€ -	€ -	€ -
BNB	1,00	\$428,7600	\$428,76	€ 386,79	€ 164,58	€ -	€ 164,58
WETH	0,59	\$3286,2700	\$1 942,86	€ 1 752,69	€ 1 674,15	€ -	€ 1 674,15
MATIC	-	\$1,6200	\$0,00	€ -	€ -	€ -	€ -
CRYS	499 860 000,00	\$0,0833	\$41 653 333,80	€ 37 576 304,74	€ 499,86	€ -	€ 499,86
ATRI	326 489,00	\$0,0250	\$8 166,07	€ 7 366,78	€ 19 633,52	-€ 12 266,74	€ 7 366,78
LIGHTS	6 520 000 000,00	\$0,0025	\$16 300 000,00	€ 14 704 555,71	€ 652,00	€ -	€ 652,00
NFTs	-	\$0,0000	\$0,00	€ -	€ -	€ -	€ 38,69
ATRI (Contributed)	30 000 000,00	\$0,0250	\$750 353,40	€ 676 908,80	€ 676 908,80	€ -	€ 676 908,80
TOTAL			\$61 103 660,18	€ 55 122 832,82	€ 3 010 354,50	-€ 181 862,19	€ 2 828 531,00

Preliminary Consolidated Shareholders' Equity / Redemption of the Warrant

Preliminary consolidated shareholders' equity, Group share, totaled €17,619.0 K at March 31, 2022.

The increase is due to the profit for the year, the contribution of assets by Ker Ventures, EURL during the period, the private placement of shares in October 2021, all reduced by the repurchase price of the warrant issued to the Atari Group and cancelled as part of the agreement signed between CBI and Atari on March 29, 2022.

The change in preliminary consolidated shareholders' equity can be broken down as follows:

Equity as at March 31, 2021 (000's of euros)	32.0
Net income for the year	3,807.0
Contribution in kind	23,000.0
Rights issue / Private round and others	2,740.0
Expenses	(809.8)
Restatement IFRS 16	(435.3)
Repurchase of Atari Warrant	(10,716.9)
Currency translation adjustments / Others	2.0
Equity as at March 31, 2022 (000's of euros)	17,619.0

The March 29, 2022 agreement was set up to unwind the capitalistic relationship between the two companies and to terminate the license agreement granted by Atari to CBI. Under the terms of this agreement, it is notably agreed as follows:

- Atari transfers back to CBI the warrant allowing Atari to acquire 5% of CBI's share capital at par value (€0.1 per share), which is then cancelled;
- CBI pays USD \$100K to Atari and will transfer to Atari the 3.5 million Atari shares in its possession;
- CBI will not participate in Atari's pending capital increase;
- Atari and CBI have mutually agreed not to acquire any securities issued by the other entity for a period of five years;
- The license granted by Atari to CBI to operate certain Atari assets in the metaverse is terminated with immediate effect; the Atari NFTs sold by CBI will remain outstanding.

The agreement was effective immediately and includes reciprocal concessions and non-interference clauses. The agreement covers each company, CBI and Atari, their subsidiaries, as well as their respective principal shareholders who are signatories to this agreement in their personal capacity (namely Frédéric Chesnais for CBI and Wade Rosen for Atari).

The Warrant issued to Atari was an equity instrument, as it allowed Atari to acquire 5% of the share capital of CBI, a company whose shares are listed on Euronext Growth, for a price per CBI share equal to its par value. This Warrant was repurchased by CBI prior to its expiration date, in a transaction with a third party, and cancelled. The redemption price was charged to CBI's consolidated shareholders' equity at March 31, 2022.

The repurchase price includes the value of the Atari shares delivered as payment, cash on hand of USD\$100,000 and other expense reimbursements. This price also includes, as a matter of prudence, given the commitments made over five years and the non-interference clauses referred to in the transaction protocol, the immediate loss of value of the ATRI token (€8,661.7K) insofar as its usefulness to the CBI Group over the next five years is fundamentally impacted by this transaction protocol.

Preliminary consolidated net cash / financial liabilities

At March 31, 2022, the Group had cash and cash equivalents of €2,647.2K. The application of IFRS 16 (Restatement of Leases) results in the recognition of a of €2,252.1 K accounting liability (of which €2,015.6K being classified as long-term liability, the balance being classified as short-term liability).



Ker Ventures has contributed assets to the Company, in return for the issue of new shares and a deferred payment recorded as a shareholder loan for an amount of €4,450.2 K. This loan accrues interest at the legal rate and is classified as a long-term liability.

The contribution of assets, completed on September 24, 2021, was as follows:

Description	(€ '000)
Cash	549.1
Atari Shares	1,953.0
Crypto-currencies	9,338.6
Investments in companies	15,609.6
Total Contribution	27,450.2
Shares	18,000.0
Premium	5,000.0
Shareholders' Loan	4,450.2
Total compensation	27,450.2

Financial calendar:

- June 30, 2022: Release of the final FY 2021-2022 corporate and consolidated financial statements
- September 19, 2022 (5pm CET): General shareholders meeting

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 developing AlphaVerse, a blockchain technology-based virtual world or metaverse that will be opening in summer 2022. CBI has been admitted to trading on the EI compartment (qualified investors) of the Euronext Growth Paris market since October 26, 2021. Learn more at www.cbicorp.io.

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