accountants
NielenVanDeLaar

To: the Board of Directors of Fairchain Foundation
Attn. G. Van Staveren van Dijk
Rhoneweg 44
1043 AH Amsterdam

Ref NLA2021172

Utrecht, 22 September 2021

Dear mr. Van Staveren van Dijk,

Please find enclosed an authenticated copy of the annual report of Stichting Fairchain for the year 2020 and our auditor's report thereon dated September 22, 2021.

We also send you two copies of the aforementioned auditor's report.

We have enclosed one copy of our auditor's report with an original handwritten signature. This copy is meant for your own filing purposes.

The other copy of our auditor's report state the name of our firm and the name of the responsible audit partner, but without a handwritten signature. We kindly request you to use the copy of the auditor's report without handwritten signature in the version of the annual report that will be published.

We confirm our permission to include and publish our auditor's report in the section 'other information' of copies of the annual report 2020, provided that they are identical to the enclosed authenticated annual report, subject to adoption of the audited financial statements, without modification, by the General Meeting. The annual report to be filed with the Trade Register of the Chamber of Commerce, including the financial statements to be filed as derived from the audited financial statements should be filed before within one month of September 22, 2021. Please note that it is not allowed to publish the authenthicated copy of the annual report.

Publication of our auditor's report is only allowed together with the corresponding complete set of the annual report.

The annual report to be filed with the Trade Register of the Chamber of Commerce needs to be filed no later than eight days after adoption of the financial statements prior to 31 December 2021. Filing with the Trade Register of the Chamber of Commerce needs to be done digitally through Standard Business Reporting.

Please note that it's legally required to (timely) file the annual report including the audited financial statements with the Trade Register of the Chamber of Commerce and non-compliance is an offence punishable by law. In certain situations by not complying with the publication

requirements could even lead to personal liability for the members of the management board and for the supervisory board.

If prior to the adoption of the financial statements circumstances arise that require a modification to the financial statements, please note that under Section 2:362 subsection 6 and Section 2:380a of the Dutch Civil Code such modifications should be made prior to the adoption of the financial statements. In this situation, of course, we withdraw our permission granted above.

All members of the management and supervisory board sign a copy of the financial statements. If a signature is missing, the reason is included in the annual report to be filed. In order to prevent the abuse of signatures we discourage the filing of a signed copy of the annual report. The annual report to be filed with the Trade Register of the Chamber of Commerce should include the adoption date of the financial statements.

If a signature is missing, the reason is included in the annual report to be filed. In order to prevent the abuse of signatures we discourage the filing of a signed copy of the annual report. The annual report to be filed with the Trade Register of the Chamber of Commerce should include the adoption date of the financial statements.

Yours sincerely,

NielenVanDeLaar accountants B.V.

Drs. C.J.G. Nielen RA

Appendix:
Independent auditor's report and initialled financial statements

STICHTING FAIRCHAIN

te Amsterdam

Report on the consolidated financial statements for the year ended 31 December 2020

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

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MANAGEMENT REPORT

The Board of Directors is pleased to present the financial statements of Stichting Fairchain ('Fairchain' or 'the foundation') for the financial period ended 31 December 2020.

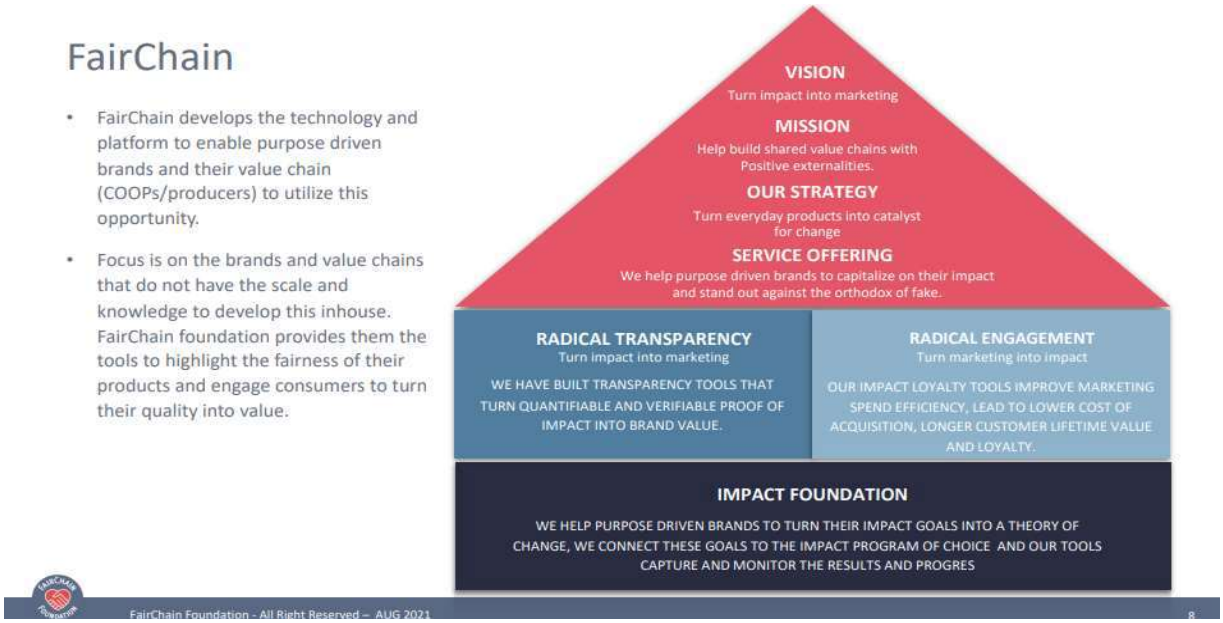
General
Stichting Fairchain serves the public interest and does not aim to make profit.

Objectives
The main objectives of Fairchain are:
• Facilitating impact ecosystems in creating shared value chains focusing on the use of technology in helping develop value chain mapping in developing economies, all for the benefit of society. For this purpose Fairchain is building a blockchain platform with the aim to offer a cheap solution to support impact driven companies theory of change through a track, trace and tokenize approach. The activities to realize the platform has been funded by donors;
• Development, implementation, promotion and supervision of the application of the Fairchain principles, as well as the acquisition and management of (financial) resources for this purpose, as well as the performance of all further actions related to the above.

The underlying Fairchain principles are the following:
a) adding value through the conversion of raw materials into semi-finished and finished products in the country of origin of the raw materials;
b) the balanced distribution of the production processes related to the finished products between the country of origin of the raw materials from which the finished products is produced and the country where the finished products is consumed;
c) the fair distribution of the revenues generated from the consumption of these semi-finished and finished products so that a fair share of these revenues benefits the participants in the production process in connection with those semi-finished and finished products in the country of origin of the raw materials;
d) organizing the business activities in the country of origin of the raw materials, on the basis of shared values that aim to link social and economic progress.

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Mission



Structure of the Group

Fairchain is a public benefit foundation ('ANBI') incorporated in The Netherlands. Pursuant to the Foundation's Articles of Incorporation and its actual activities, no individual person or legal entity shall have decisive control over Stichting Fairchain.

Stichting Fairchain is the parent company and sole holder of Fairchain Tech B.V, a limited liability company, tasked with the development of all technologies on behalf of Stichting Fairchain.

Activities during the year

Tech development (DAPP 1)

During the year, we have worked on getting the platform supply chain transparency functionality from a test environment to an in production environment. The platform is ready for deploy by the partners contributed in the pilot phase. The adoption was initially behind schedule due to delay of the grant pay out. There is a reverse corona effect on these activities. Launching customer Moyee has quadrupled its on line sales both in Netherlands and Ireland in the last months and pushed through the needed blockchain functionality and, to make this possible, donated the funds needed for development in the period the EKN grant was delayed. We decided not to invest in a new supply chain nor go after the planned income associated.

Conclusion: This functionality is closest to bring to market. Connecting consumers to the platform and farmers via a market ready solution as fast as possible is our main focus. We have decided to pause adding another supply chains and partnership.

First Mile work activities at farmer level (DAPP 2)
When COVID-19 hit us in March 2020, all we felt was a strong obligation to continue our activities without delay. Even more than before, the communities we and our partners work with, depend on how the supply chain will react after this crisis. Connecting these communities directly to consumers around the world might give them just the level of additional income needed to survive. Next to that, our farmer focus means that nature is leading and we had to prepare our tech solution for next harvest.

Since May 2020 however, things rapidly developed worse. The killing of a protest singer in Ethiopia (12 people were killed in local tribe clashes and 20 followed a week later) cut us off from our team on the ground for 2 months and just when we wanted to the implement the first and last miles features tree planting and micro loans in Mizan. The tree planting functionality enables full digitalisation of coffee trees to enable brands to invest in Co2 compensation and living income development of farmers. The microloan functionality enables brands to help farmers invest in their farm and increase future earnings.

At the same time COVID-19 effect in the supply chain became more visible. The specialty coffee supply chain came to a standstill as most bars and cafes were closed. Most of our potential project partners paused their interest in adopting our platform. To adopt to this new reality we tempered our market adoption expectations and replaced it with a focus on finding more proof of the consumer interest in the technology.

Conclusion: first mile activities were not affected in the first half year but did in the second. We anticipate part of this work need to be redone or first mile activities scaled up as soon as COVID-19 allows us in 2021 or early 2022. New activities where paused, focus was on getting the tech from pilot to production and run more market tests and run surveys to get more customer insight on the functioning and relevance of our product offering. Moyee and United Nations Development Program ('UNDP') planned to run more experiments. Fore example Moyee planned to bringing the first blockchain transparency coffee to the supermarket, while UNDP , through it's The Other Bar ('ToB') program, planned to launch a new batch of chocolate bars both with the functionality to finance and plant trees at farmer level. In the previous ToB production and sales run DAPP 1 was launched (supply chain transparency), in the next production and sales run DAPP 2/3 functionality will be added where the customers can use the token to invest in a cacao tree at farmer level.

Last mile work activities at consumer level (DAPP 3):
It's here were we made the most progress in 2020. All the experiments done in 2019 were brought to market so we are ready to answer the needs of the post corona rebuilt period, a growing awareness that the world needs to address the issue of inequality and business models focussed on the Sustainable Development Goals ('SDG's'), will lead to a increased interest in the Fairchain Tech solutions. The platform was moved from pilot to production to allow brands to actually use it. We faced a two month delay as the funds from our main donor the Embassy of the Kingdom of the Netherlands ('EKN') had not been released in the anticipated schedule. Nevertheless we launched 4 instead of 2 loyalty programs (tree planting) and run 1 new functionality pilot (farmer loan), although we were forced to stop when the situation in Ethiopia went from bad to worse (also see before). We have focused on the existing partner and paused new engagements.

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Conclusion: Connecting consumers to the platform and farmers via a market ready solution was our main focus. We had the partners and projects for this on place that brought the projected resources to compensate income lost from Tech developments.

Unfortunately, we did not manage to answer to all reporting requirements, leading to a delayed pay out of the de disbursement expected in November 2020, leading to a decision to postpone the road to public investments. Focus in the coming months is to turn the experiments and campaigns of 2020 into market ready applications embedded in an organisational support structure needed to go to market. We expect to realize this by:

• Investing in our own team and turn the existing tech development relation with KrypC in a market ready organisation by defining first and second line customer engagement roles;

• developing the DIY manuals ('Do It Yourself') and API structure (an application programming interface; a technical way to connect our platform to any front end or already running customer software solution),

• lowering the infrastructure cost, and develop the sales collateral needed for others, like the UNDP, to start reaching out to customers for 2022.

We have expressed the need for additional support to our main donor who has granted a top up budget for 2021.

Report other activities

The foundation has continued its support to the Fairchain Agro project in Ethiopia, initially funded via Moyee, Sequa and DGGF. Donations in the amount of EUR 181,519 has been received from Moyee and Moyee Ireland in collaboration with self help Africa fundraising events in Boston and granted to Fairchain Agro for this, to fund the development of a road in Mizan area Ethiopia, wetmill equipment in Limu area Ethiopia and fund tree planting preparation activities like nurseries.

Financial performance, funding and cash flows

In 2020 Fairchain realized total income of EUR 898,358, a decline of 24% compared to 201. This decline was anticipated, as the needed budget for 2020 plans was lower it was however also 8% lower than our expectations , mainly due to the COVID-19 effects (also see below).

Total income include income from donations and income from technology, regarding the exploitation of the platform to third parties and in- kind contributions.

Income from donations amounted to EUR 546,520 in 2020, compared to EUR 734,000 in 2019 and EUR 650,000 budgeted. The Foundation is benefiting from donations from EKN, Moyee Coffee, Fairchain Farming and Mugello, based on projects for which adequate funding is realized via the network of members of the Board.

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Following the COVID-19 effects, budget updates where shared with our main donor, EKN during 2020. We choose to focus on deepening the relation with existing partners and lower the cost and revenue towards a new equilibrium. In total we realised a substantial cost reduction compared to 2019 mainly via postponing investments in a new supply chain and lowering the investments in first mile implementation. On the income side we managed to compensate the anticipated income from new supply chain partners by increased contributions of existing partners.

2020 income from technology amounted to EUR 351,838 compared to EUR 454,433 in 2019 and EUR 150,000 budgeted. We received higher than expected income from the projects done with UNDP (ToB) and Moyee. Part of the income from technology (EUR 174,339) relates to in kind donations with respect to services provided by induvial professionals.

Expenditure incurred by Stichting Fairchain basically relate to the following categories: Our programs (supporting it's objectives), new business development and management & administration. We aim that the expenses regarding new business development and management & administration costs are in reasonable proportion to those related to the Fairchain programs.

Fairchain's consolidated balance sheet shows negative reserves as at 13 December 2020 of EUR 38,096 (2019: EUR 6,585). The foundation is primarily financed through donations. Operating cashflows for 2020 are positive and amounts to EUR 55,850 (2019: EUR 22,746, negative). It is Fairchain's aim to hold reserves that is reasonably necessary to guarantee for the continuity of the planned activities relating to the objectives of the foundation.

Risk assessment

Strategic risks

Fairchain has developed it's strategic plan that covers a period of 3 year. Part of the plan is the identification of strategic risk that could harm the successful achievement of strategic objectives. The progress on implementation of the strategic plan and the associated risks identified in it are monitored and managed on a quarterly basis by senior management.

Operational risks

Fairchain operates in countries that are less stable and potential suffer from COVID implications. Its hard to predict if local organisation can work according to plan. The Fairchain foundation is organized on a very flexible way. Up and downscaling in relation to available budget is easy but at same time it also means that no stable long term team is formed.

Financial risks

The primary risk currently is the level of funding required to achieve growth. Being in a growth phase, Fairchain requires significant resources to fund going to scale. Without sufficient funding Fairchain will not obtain the growth targets, impacting our long-term feasibility. Fairchain manages this risk by seeking new donors and contract activities, managing it's current donors and constantly monitoring it's liquidity position.

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Fairchain is exposed to foreign currency risk on expenditures that are denominated in a currency other than the Euro, mainly Ethiophian birr. Fairchain's internal organization and quality control policy ensures that the exposure in this area is kept to an acceptable level.

Laws and regulations
Fairchain has operations in developing countries, which are subject to the laws and regulations existing in these jurisdictions including related to employment, data protection, governance, our offerings, health and so forth. Our failure to comply with these laws and regulations may expose us to litigation, harm our reputation and affect our ability to operate our platforms in these markets. To prevent such exposure, we work with local lawyers that advise and check our compliance with local law and regulation. The effect was limited in 2020 as we only worked within the Moyee and UNDP supply chains that have long existing relations and are fully embedded in the local juridical framework and form the front of te operations. FairChain is no formal party in these on the ground activities. In 2021 we will have to spent more time on this in those project where Fairchain tech will engage with new actors.

Covid-19 risk assessment
As from mid-March 2020, COVID-19 has impacted all activities in all markets and it is uncertain as to how long this will last. Operating results were negatively influenced as a result of decreased and delayed income. A revised budget was shared with the main donor EKN and a top up budget was requested to be able to finish the contractual obligations and prepare a new long term plan and budget. This top up budget was granted in 2021.

While it is currently not possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting form the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact of the entity's operations, financial condition and result in future years.

The credit risk - if the donor fails to meet their contractual obligations - is considered limited, because of the short/mid-term creditworthiness of the main donor, the government. The cash balance as per the end of December 2020 amounts to EUR 62,092, while the balance as at 31 August 2021 amounted to EUR 89,748. Including anticipated income from donations in 2021 of EUR 332,242, management has forecasted a break-even operating result for 2021 A break-even result for 2022 is anticipated as well, however highly dependent on the continuation of the support by EKN. Management is able to manage the level of activities based on the amount of funding that becomes available, to a certain extend. Based on this, management believes that sufficient liquidity is available for at least the next 12 months. A new plan has been prepared for 2022 that has been shared with the main donor.

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Realization of objectives
In 2020 we have found sufficient proof that our mission and vision resonates and the experiments with Moyee and UNDP ('ToB') has led to a substantial list of express of interest. A lead list of companies has been generated who will be contacted in our business plan validation phase) . In 2021 this has been externally validated by Next 2Company, a consultancy firm know by the Dutch Government for validating business plans related to government grants and incorporated in an update of the "business and Impact plan". We are confident that building shared value chains with positive externalities is possible and quantifiable and verifiable proof of impact does lead to customer engagement and brand loyalty. We have written a white paper on this and shared publicly.

Governance

Board of Directors
The Board of Directors, entrusted with the management of Fairchain consists of GPJ van Staveren van Dijk (Chief Executive Officer) and Sander Govers (Chief Operating Officer).
The Board of Directors is responsible for strategy, long term planning and managing the back office, operations, managing FC tech and funding. Furthermore, it is responsible for implementing and maintaining an adequate risk management and control framework.

Supervisory Board
Fairchain has a Supervisory Board in place consisting of 3 volunteers: Arne Mosselman, Anne van der Veen and Haijo van Beijma. The Supervisory Board has the duty to oversee the Board and the general course of affairs in Fairchain. Also the Board assists management by giving advice and high-level guidance and monitors that the organization operates in accordance with vision and strategy. To enable the performance of its oversight duties during 2020 2 Supervisory Board meetings took place. In addition on regular basis feedback and input was given on specific requests.

Code of Conduct
Fairchain implemented a Code Of Conduct, outlining the standards of behaviours that are expected of all staff and defines ethical values and norms. It clearly articulates a Fraud and Anti-corruption prevention Code and a Whistleblowing policy, as well as a Child Protection Policy and a Conflict of Interest Code. The rules and guidelines contained in the code, together with the policies and procedures and the terms and conditions of employment provide a framework within which all Fairchain officials need to conduct their business.

Communication with stakeholders
Fairchain communicates about its activities via social media and blogs. Donors get regular updates and whitepapers are shared with the wider public.

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Personnel

Staff

Both Stichting FairChain and FairChain Tech BV do not employee any staff. Both members of the board and specialists are hired on service agreements.

Remuneration of managing and supervisory directors

The emoluments, including pension costs as referred to in Section 2:383(1) of the Dutch Civil Code, charged in the financial year to the entity amounted to EUR 88,784 (2019: EUR 6,000) and contributed in-kind 49,216 (2019: EUR 49,221) for managing directors. The board remuneration relates to services provided regarding Fairchain programs and new business development. No remuneration have been paid with respect to board activities. (Voluntary) supervisory board members and former supervisory board members have not received emoluments in 2020 and 2019.

Research and development

Main tech developments have been described in the section Activities during the year above, and take place in Fairchain Tech B.V.

Furthermore, to support the Fairchain tech development research is done on consumer behavior and on how to best turn (sustainable development goals ('SDG's') into quantifiable and verifiable impact events. Linking customer interest in specific impact to relevant impact event and find way on how these events can be quantified and verified is the main goal of this research.

Subsequent events

Beside the impact of the COVID-19 virus as discussed above, there are no other subsequent events that should be addressed here.

Outlook

In 2021 the Foundation will work on a new long term business plan based on the insights of 2019 and 2020 and the planned activities with brands like Moyee and The Other Bar ('ToB') in 2021. We will look for outside support and external market and product validation. Our goal is to scale up and digitalize 20,000 farmers in 2022 and 150,000 in 2023 and connect one Moyee kind of brand in 2022 and 5 in 2023. Than scale up to a break even situation in the year 2025 whereby, Fairchain tech is funded by private sector projects.

In 2021 we will critically review the technology development with our main partner Krypc. The potential vendor lock in and cost structure might hinder our low cost DIY mission. The study into what we call FairCain 2.0 and the road to public will intensive and for all processes and tech development choices we will go through a make - buy – alley process. Our tech roadmap will be determined by this strategic vision (low cost DIY) and the functional requirements determined by the use cases. We will continue with our rapid prototyping approach.

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To reduce the strategic risk connected to our flexible and project based organizational set up we will work In the coming years towards reducing the risk of dependency on in kind contributions of the team members and replace ZZP contracts to work towards a fixed team that will be hired based on a fixed salary.

In the year to come we will work on budgeting and planning our activities not only on an exact ledger level but also implement a project (cost center) administration. This both for our tech development (building specific functionality will be sub-budgeted) as for the customer projects. This will help us allocate and control budgets in more detail, report on budget actuals per project and beter enable the external auditor to form an opinion about the financial statements.

To prepare the upscaling of our activities and potential donor involvement we have requested our external auditor to carry out a financial statements audit with the purpose to express an ‘’unqualified opinion”. FairChain is not legally bound to such a heavy audit engagement but we are eager to learn what improvement we can and have to make to work towards such an opinion.

Amsterdam, 22 September 2021

The Board of Directors

G.P.J. van Staveren van Dijk A.P. Govers

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

CONSOLIDATED FINANCIAL STATEMENTS

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2020

(before result appropriation)

ASSETS

	Note	**31 December 2020**		**31 December 2019**	
		EUR	EUR	EUR	EUR
Fixed Assets					
Tangible fixed assets	*1*	2.941		3.915	
			2.941		3.915
Current Assets					
Trade receivables and other receivables	*2*	122.421		87.780	
Cash and cash equivalents	*3*	62.092		106.242	
			184.513		194.022
			187.454		197.937

LIABILITIES

Reserves	*4*	(38.096)	(6.585)
Non-current Liabilities	*5*	-	100.000
Current liabilities	*6*	225.550	104.522
		187.454	197.937

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2020

UNAUDITED

	Note	**ACTUAL 2020**	**BUDGET 2020**	**ACTUAL 2019**
		EUR	EUR	EUR
Income	*9*			
Income from donations		546.520	650.000	734.000
income from technology		351.838	150.000	454.433
Total income		898.358	800.000	1.188.433
Expenditures	*10*			
Program costs		(799.651)	(700.000)	(1.170.790)
Management & administration costs		(99.968)	(50.000)	(96.244)
New business development		(30.000)	(30.000)	(25.500)
Total expenditures		(929.619)	(780.000)	(1.292.534)
Net operating result		(31.261)	20.000	(104.101)
Financial results	*11*	249	(1.200)	(1.346)
Result before taxation		(31.012)	18.800	(105.447)
Taxation	*12*	-	-	-
Net result		(31.012)	18.800	(105.447)
Appropriation of result				
Added to (deducted from) the reserves		(31.012)	18.800	(105.447)
		(31.012)	18.800	(105.447)

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

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CONSOLIDATED CASH FLOW STATEMENT 2020

UNAUDITED

	Note	**ACTUAL 2020**		**ACTUAL 2019**	
		EUR	EUR	EUR	EUR
Operating result			(31.261)		(104.101)
Adjusted for:					
· Depreciation/amortisation	*1*	974		837	
· Changes in working capital	*2, 5*	85.888		79.172	
			86.862		80.009
Cash flow from business operations			55.601		(24.092)
Interest paid	*11*	249		1.346	
			249		1.346
Cash flow from operating activities			55.850		(22.746)
Investments in:					
· Tangible fixed assets	*1*	-		(1.124)	
Cash flow from investing activities			-		(1.124)
Repayment of borrowings	*5*	(100.000)		(100.000)	
Cash flows from financing activities			(100.000)		(100.000)
Net cash flow			(44.150)		(123.870)
Cash and cash equivalents as per 1 January	*3*		106.242		230.112
Cash and cash equivalents as per 31 December	*3*		62.092		106.242
Changes in cash and cash equivalents			(44.150)		(123.870)

The notes on pages 16 to 31 are an integral part of these consolidated financial statements.

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

GENERAL

Reporting entity and relationship with parent company

Stichting Fairchain ('Fairchain' or 'the entity'), having its legal adress in Amsterdam, Rhoneweg 44, is a foundation under Dutch law and is registered under number 54749484 in the Trade Register. The entity was incorporated on 24 February 2012.

These financial statements contain the financial information of both the foundation and the consolidated company of the Company, Fairchain Tech B.V. (together 'the Group').

Fairchain is a Public Benefit organization ('ANBI'), serves the public interest and does not aim to make profit. The main objectives of Fairchain are:

- Facilitating impact ecosystems in creating shared value chains focusing on the use of technology in helping develop value chain mapping in developing economies, all for the benefit of society. For this purpose Fairchain is building a blockchain platform with the aim to offer a cheap solution to support impact driven companies theory of change through a track, trace and tokenize approach. The activities to realize the platform has been funded by donors.
- Development, implementation, promotion and supervision of the application of the Fairchain principles, as well as the acquisition and management of (financial) resources for this purpose, as well as the performance of all further actions related to the above.

The underlying Fairchain principles are the following:
a) adding value through the conversion of raw materials into semi-finished and finished products in the country of origin of the raw materials;

b) the balanced distribution of the production processes related to the finished products between the country of origin of the raw materials from which the finished products is produced and the country where the finished products is consumed;

c) the fair distribution of the revenues generated from the consumption of these semi-finished and finished products so that a fair share of these revenues benefits the participants in the production process in connection with those semi-finished and finished products in the country of origin of the raw materials;
d) organizing the business activities in the country of origin of the raw materials, on the basis of shared values that aim to link social and economic progress.

On 25 October 2019 Fairchain Tech B.V., Amsterdam was incorporated. Fairchain Tech is a wholly owned subsidiary of Stichting Fairchain. Fairchain Tech B.V. is tasked with the development of all technologies on behalf of Stichting Fairchain.

Unaudited corresponding figures

The financial statements 2019 have not been audited. Consequently, the corresponding figures included in the profit and loss account, statement of changes in equity and cash flow statement and the related notes have not been audited.

Financial reporting period

These financial statements cover the year 2020, which ended 31 December 2020 . The comparative figures present the financial year ended 31 December 2019.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Basis of preparation
The consolidated financial statements have been prepared in accordance with Dutch Accounting Standard for Fundraising Institutions (DAS 650) published by the Dutch Accounting Standards Board. This guideline requires that costs be allocated not only to the cost of direct fundraising and the achievement of the organization's goals but also to generating income and management & administration.

The accounting policies applied for measurement of assets and liabilities and determination of results are based on the historical cost convention, unless otherwise stated in the further accounting principles.

Application of Section 402, Book 2 of the Dutch Civil Code
The financial information of the foundation is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Dutch Civil Code, the separate statement of income and expenditure of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

Going concern
As from mid-March 2020, COVID-19 has impacted all activities in all markets and it is uncertain as to how long this will last. Operating results were negatively influenced as a result of decreased and delayed income. A revised budget was shared with the main donor EKN and a top up budget was requested to be able to finish the contractual obligations and prepare a new long term plan and budget. This top up budget was granted in 2021.

While it is currently not possible to estimate the duration and severity of the COVID-19 pandemic or the adverse economic impact resulting form the preventative measures taken to contain or mitigate its outbreak, an extended period of global economic disruption could have a material adverse impact of the entity’s operations, financial condition and result in future years.

The credit risk - if the donor fails to meet their contractual obligations - is considered limited, because of the short/mid-term creditworthiness of the main donor, the government. The cash balance as per the end of December 2020 amounts to EUR 62,092, while the balance as at 31 August 2021 amounted to EUR 89,748. Including anticipated income from donations in 2021 of EUR 332,242, management has forecasted a break-even operating result for 2021 A break-even result for 2022 is anticipated as well, however highly dependent on the continuation of the support by EKN. Management is able to manage the level of activities based on the amount of funding that becomes available, to a certain extend. Based on this, management believes that sufficient liquidity is available for at least the next 12 months. A new plan has been prepared for 2022 that has been shared with the main donor.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

ACCOUNTING POLICIES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

Assets and liabilities are measured at historical cost, unless stated otherwise in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the foundation and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of the Company. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

The income and expenses are allocated to the period to which they relate.

Functional and presentation currency

The financial statements are presented in euros (‘EUR’), which is the foundation's functional currency.

Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The following accounting policies are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumptions:

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Recognition of income from donations
Income from donations is recognised, amongst others, to the extent that funds are used for the reasonable and allowable cost incurred for the activities as specified in the contracts with the donors. Management uses a reasonable and prudent method in allocating the cost to programs in accordance with terms and conditions of the agreement (also refer to principles of determination of the result).

Consolidation principles
Consolidation scope
The consolidated financial statements include the financial information of the foundation, its subsidiary in the group over which the foundation can exercise control or of which it conducts the central management.
Subsidiaries are participating interests in which the foundation can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the managing directors or supervisory directors.

Group companies are participating interests in which the foundation has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether the foundation has control, potential voting rights are taken into account that can be exercised in such a way that they will provide the foundation with more or less influence.

For an overview of the consolidated group companies, please refer to note 17 ‘Financial fixed assets’.

Consolidation method
The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable.

Subsidiaries are consolidated in full.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Principles for the translation of foreign currencies

Transactions in foreign currencies
At initial recognition, transactions denominated in a foreign currency are translated into the functional currency of the foundation at the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date into to the functional currency at the exchange rate applying on that date. Exchange differences resulting from the settlement of monetary items, or resulting from the translation of monetary items denominated in foreign currency, are recognised in profit and loss in the period in which the exchange difference arise.

Correction of errors
After adoption of the 2019 financial statements, it was noted that certain of the Group's transactions recorded in 2020 should have been recorded in 2019. The impact on reserves is EUR 53,194 as per 31 December 2019. The impact on the net result for the year 2019 is EUR 53,194 as well. Further, the comparative figures for the year 2019 have been restated. A complete overview of the impact on the financial position in the balance sheet can be specified as follows:

There is no impact on the Group's balance sheet as at 1 January 2019.

Group's balance sheet (1 January 2020; EUR)

	Impact of correction of error		
	As previously reported	Adjustment	As restated
Tangible fixed assets	3.915	-	3.915
Financial fixed assets	36.774	(36.774)	0
Trade and other receivables	56.229	31.551	87.780
Cash and cash equivalents	92.052	14.190	106.242
Non- current liabilities	(100.000)	-	(100.000)
Current liabilities	(42.361)	(62.161)	(104.522)
Total equity per 1 January 2020	46.609	(53.194)	(6.585)

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Group's statement of income and expenditure (2019, EUR)

	Impact of correction of error		
	As previously reported	Adjustment	As restated
Income from donations	919.000	(185.000)	734.000
Income from technology	436.688	17.745	454.433
Program costs	(1.260.719)	89.929	(1.170.790)
Management & administration costs	(120.353)	24.109	(96.244)
New business development	(25.500)	-	(25.500)
Financial results	(1.369)	23	(1.346)
Net result	(52.253)	(53.194)	(105.447)

Financial instruments
Financial instruments include trade and other receivables, cash items, and trade and other payables.

Financial instruments are initially recognised at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement. After initial recognition, financial instruments are valued in the manner described in these accounting principles below.

Tangible fixed assets
Tangible fixed assets are stated at cost, which is it's acquisition price, less accumulated depreciation and impairment losses. The depreciation is based on the expected useful life and is calculated on the basis of a fixed percentage of the acquisition price, taking into account any residual value. Depreciation is applied as from the moment the asset is available for its intended use.

Tangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value.

When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. Subsequently, at each reporting date the Group assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Financial fixed assets

Participating interests with significant influence

Participating interests where significant influence can be exercised over the business and financial policies are valued according to the equity method on the basis of net asset value. If measurement at net asset value is not possible because the information required for this cannot be obtained, the participating interest is measured according to the visible equity. In assessing whether the entity has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are taken into account.

The net asset value is calculated on the basis of the entity's accounting policies.

If the entity transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised. Results on transactions involving transfer of assets and liabilities between the entity and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

Unrealised profits on transactions with participating interests that are accounted for at net asset value are eliminated to the extent of the entity's share in the participating interest. This elimination is allocated to net turnover and recognition of deferred income/the share of result from participating interests and the net asset value of the participating interest (choose the one that is applicable).

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the entity fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the foundation on behalf of the participating interest.

Trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest rate method, less impairment losses.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies.

Reserves

Reserves consist of funds with a specific purpose, without actual allocation having taken place. Reserves are meant for funds for which the management has stated a future intended use. The withdrawal from reserve takes place when the spend is made.

Provisions

A provision is recognised if the following applies:
- the entity has a legal or constructive obligation, arising from a past event;
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If all or part of the payments that are necessary to settle a provision are likely to be fully or partially compensated by a third party upon settlement of the provision, then the compensation amount is presented separately as an asset. Provisions are stated at the nominal value of the expenditures that are expected to be required to settle the liabilities and losses.

Non-current and current liabilities

Financial commitments, trade and other payables are carried at amortised cost using the effective interest rate method.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Income from donations

Income from donations is recognised in the year to which the item of income relates and is recognised for the obligated amounts the donors have agreed upon under the contracts, to the extent that services have been provided and funds are used for the reasonable and allowable costs incurred for the activities as specified in the contract with the donors.

Income from technology

Income from technology relates to income generated from the out grower program, one of the programs supported by Fairchain. Income from the services rendered are recognised in the profit and loss account when the amount of the revenue can be determined reliably, collection of the related compensation to be received is probable, the extent to which the services have been performed on the balance sheet date can be determined reliably, and the costs already incurred and (possibly) yet to be incurred to complete the service can be determined reliably.

In-Kind contributions

In-kind contributions are donations of goods, services or time — instead of cash. In-kind services mainly relate to professional services donated by individual professionals. An in-kind donation is accounted for as income at the fair value of the services rendered, based on actual time spent. Recognitions of in-kind donation has no impact on the result and the reserves, but only a volume effect on income and expenditure. The benefits are accounted for as income from technology, the expenses are recognized as cost in the category under which they would normally be classified.

Program costs

Program costs relate to those expenses that are directly or indirectly attributable to projects and programs, taking into consideration what has been contractually agreed upon with the donors.

Costs of new business development

The costs of new business development include the direct and indirect costs of recruiting and maintaining relationships.

Management and administration costs

The management and administration costs are calculated in accordance with the guideline published by VFI, the trade association of charities. They include the costs of the supervisory board, general secretariat, finance department and all costs indirectly allocated thereto, to the extent that these cannot be allocated directly, or based on what has been contractually agreed upon with the donors, to the goals and generation of income.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

Corporate income tax
Stichting Fairchain is not subject to Corporate income tax in the Netherlands.

Share in result of participating interest
The share in the result of participating interests consists of the share of the entity in the results of this participating interest, determined on the basis of the accounting principles of the group. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves, are not recognised as they can be deemed as not realised.

The results of participating interests acquired or sold during the financial year are measured in the result from the date of acquisition or until the date of sale respectively.

Cash flow statement
The cash flow statement is prepared using the indirect. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without a significant risk of changes in value.

Receipts and payments of interest, receipts of dividends and income taxes are presented within the cash flows from operating activities. Payments of dividends are presented within the cash flows from financing activities.

Transactions that do not include an exchange of cash and cash equivalents, are not included in the cash flow statement.

Related party transactions
For the purpose of these financial statements, parties are considered to be related to the entity if the entity has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the entity and the party are subject to common control or common significant influence. Related parties comprise subsidiaries of the entity. A part of the entity's transactions is with related parties.

Subsequent events
Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognised in the financial statements.

Events that provide no information on the actual situation at the balance sheet date are not recognised in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

1. Tangible fixed assest

	Computer equipment	Total
	EUR	EUR
Book value as of 1 January 2020		
Purchase price	4.869	4.869
Accumualted depreciation	(954)	(954)
	3.915	3.915
Changes this period:		
Depreciation	(974)	(974)
	(974)	(974)
Book value as of 31 December 2020		
Purchase price	4.869	4.869
Accumualted depreciation	(1.928)	(1.928)
	2.941	2.941

Depreciation rates:	Percentage
Computer equipment	20,0%

2. Trade and other receivables

	31-12-2020	31-12-2019
	EUR	EUR
Trade receivables	9.872	11.260
Receivables from related parties	20.000	1.147
Other taxes and social security contributions	92.549	72.873
Other receivables	-	2.500
	122.421	87.780

Other taxes and social security contributions relates to VAT receivables. Trade and other receivables are due within one year.

3. Cash and cash equivalents

Cash and cash equivalents are available on demand and at free disposal.

4. Reserves

Please refer to note 20 to the Separate balance sheet for an explanation of the reserves.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

5. Long term liabilities

Long term liabilities at year-end 2019 related to a loan payable to one of the donors. The loan has been repaid during 2020. No interest has been charged on the loan.

6. Current liabilities

	31-12-2020	31-12-2019
	EUR	EUR
Accounts payable to suppliers and trade creditors	107.636	43.902
Debts to related parties	49.921	38.028
Accruals and other current liabilities	67.993	22.592
	225.550	104.522

Accounts payable and other current liabilities are payable in one year.

7. Financial instruments

General

The primary financial risks for Fairchain concerns liquidity risk and credit risk. Fairchain is fully committed to full compliance and risks management. Considering that there are no interest bearing loans, there are no interest rate risks.

Liquidity risk

The primary risk currently is the level of funding required to achieve growth. Being in a growth phase, Fairchain requires significant resources to fund going to scale. Without sufficient funding Fairchain will not obtain the growth targets, impacting our long-term feasibility.

Fairchain manages this risk by seeking new donors and contract activities, managing it's current donors and constantly monitoring it's liquidity position through successive liquidity budgets.

Credit risk

Credit risk is the risk of financial loss to Fairchain if donors fails to meet their contractual obligations, and arises principally from amounts receivable from these parties. At the balance sheet date the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Currency risk

Fairchain is exposed to foreign currency risk on expenditures that are denominated in a currency other than the Euro, mainly Ethiophian birr. Fairchain's internal organization and quality control policy ensures that the exposure in this area is kept to an acceptable level.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

8. Off-balance sheet assets and liabilities

There are no off-balance sheet assets and liabilities to be disclosed in these financial statements.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

9. Income

Income consist of donations of EUR 546,520 (budget EUR 650,000, 2019: 734,000) and income from technology of EUR 351,838 (budget EUR 150,000, 2019: EUR 454,433). The entity is obtaining donations to fund the projects and programs. Income from tec income mainly relates to income generated from the Blockchain platform, one of the programs supported by Fairchain.

	Actual 2020	Budget 2020	Actual 2019
	EUR	EUR	EUR
Income exploitaiting the Blockchain platform	177.499	150.000	152.488
In-kind contributions	174.339	-	301.945
	351.838	150.000	454.433

10. Expenditures

	2020	2020	2020	2020
	EUR	EUR	EUR	EUR
	FairChain Programs	Management & administration costs	New business development	Total
Cost of outsourced work and other external cost	799.651	-	30.000	829.651
Depreciation expenses	-	974	-	974
Other operating expenses	-	98.994	-	98.994
	799.651	99.968	30.000	929.619
Budget 2020	700.000	50.000	30.000	780.000

The level of activities carried out by the Group is depended on the amount of funding that becomes available.

Budget 2020 figures represent the final revised budget as agreed upon with the main donor, the Embassy of the Kingdom of the Netherlands (' EKN'). Following the COVID-19 effects, budget updates where shared with EKN. The Company choose to focus on deepening the relation with existing partners and lower the cost and revenue towards a new equilibrium. In total Fairchain realised a substantial cost reduction compared to 2019 mainly via postponing investments in a new supply chain and lowering the investments in first mile implementation.

	2019	2019	2019	2019
	EUR	EUR	EUR	EUR
	FairChain Programs	Management & administration costs	New business development	Total
Cost of outsourced work and other external cost	1.170.790	-	25.500	1.196.290
Depreciation expenses	-	836	-	836
Other operating expenses	-	95.408	-	95.408
	1.170.790	96.244	25.500	1.292.534
Budget 2019	558.620	15.000	18.500	592.120

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

The level of activities carried out by the Group is depended on the amount of funding that becomes available. Consequently, the higher expenditures in 2019 than budgeted, is related to the amounts of income collected during the year.

Cost of outsourced work and other external costs

Cost of outsourced work and other external costs mainly relate to supporting staff working on implementing the program on site.

Cost of outsourced work include time spent by expert staff of EUR 174,339 (2019: EUR 384,200), which will not be settled in cash. For certain of the staff members, the entity agreed upon fixed monthly payments. Because the entity has no present obligation (legal or constructive) to settle the excess of actual time spent by the expert staff over these fixed fees in cash, this has been treated as a contribution in-kind to the project.

Staff

The entity does not have any staff on employment contract. Program management and supporting staff working on implementing the program on site are hired on consultancy contract basis.

Information on Wet Normering Topinkomens

Pursuant to the WNT (Top Income Standardization Act), the incomes and severance payments of top officials at institutions with a public task are maximized and made public. As "Organization in the field of development industry" the maximum income relevant for Stichting Fairchain is EUR 189,000 in 2020.

All top officials' income in 2020 was below the maximum.

	Actual 2020	Budget 2020	Actual 2019
	EUR	EUR	EUR
Other operating expenses			
Legal and professional fees	54.764		77.767
Office expenses	38.938		8.763
General expenses	5.292		8.878
	98.994	50.000	95.408

Legal and professional fees include expenses incurred for various tech and financial audits that have not been fully included in the budget.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

11. Financial results

	Actual 2020	Budget 2020	Actual 2019
	EUR	EUR	EUR
Interest expenses and similar expenses	(444)		(660)
Foreign exchange results	195		(686)
	(249)	(1.200)	(1.346)

12. Taxation

The Fairchain Foundation is not subject to Corporate income tax in the Netherlands. FairchainTech BV is subject to Corporate income tax in the Netherlands.

13. Remuneration of managing and supervisory board members

The emoluments, including pension costs as referred to in Section 2:383(1) of the Dutch Civil Code, charged in the financial year to the entity amounted to EUR 88,784 (2019: EUR 6,000) and contributed in-kind 49,216 (2019: EUR 49,221) for managing directors. The remuneration relates to services provided regarding Fairchain programs and new business development. No remuneration have been paid with respect to board activities. (Voluntary) supervisory board members and former supervisory board members have not received emoluments in 2020 and 2019.

14. Transactions with related parties

For the purpose of these financial statements, parties are considered to be related to Fairchain if Fairchain has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Fairchain and the party are subject to common control or common significant influence. Related parties comprise management of the Fairchain. A part of the Fairchain`s transactions is with related parties.

15. Subsequent events

There are no subsequent events that should be addressed here.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

SEPARATE FINANCIAL STATEMENTS

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2020

(before result appropriation)

ASSETS

	Note	31 December 2020		31 December 2019	
		EUR	EUR	EUR	EUR
Fixed Assets					
Tangible fixed assets	*16*	2.941		3.915	
Financial fixed assets	*17*	-		-	
			2.941		3.915
Current Assets					
Trade receivables and other receivables	*18*	13.158		56.230	
Cash and cash equivalents	*19*	12.232		92.052	
			25.390		148.282
			28.331		152.197

LIABILITIES

Reserves	*20*	(38.096)	(6.585)
Provisions	*17*	48.436	39.985
Non-current Liabilities	*21*	-	100.000
Current liabilities	*22*	17.991	18.797
		28.331	152.197

The notes on pages 35 to 38 are an integral part of these separate financial statements.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

SEPARATE STATEMENT OF INCOME AND EXPENDITURES FOR THE YEAR ENDED 31 DECEMBER 2020

UNAUDITED

	Note	**Actual 2020**	**Actual 2019**
		EUR	EUR
Share of result of participating interests	*17*	(8.451)	(39.985)
Other income and expenses		(22.561)	(65.462)
Net result		(31.012)	(105.447)

The notes on pages 35 to 38 are an integral part of these separate financial statements.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

GENERAL

The separate financial statements are part of the 2020 statutory financial statements of the foundation. The financial information of the foundation is included in the Foundation's consolidated financial statements.
In so far as no further explanation is provided of items in the separate balance sheet and the separate profit and loss account, please refer to the notes to the consolidated balance sheet and statement of expenditure.

Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account, with the exception of the following principles:

Financial instruments

In the separate financial statements, financial instruments are presented on the basis of their legal form.

Financial fixed assets

Participating interests with gourp companies
Participating interests in group companies are accounted for in the separate financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Share of result of participating interests

This item concerns the foundation's share of the profit or loss of these participating interests. Results on transactions involving the transfer of assets and liabilities between the foundation and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realized.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

NOTES TO THE SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2020

16. Tangible fixed assest

	Computer equipment	Total
	EUR	EUR
Book value as of 1 January 2020		
Purchase price	4.869	4.869
Accumualted depreciation	(954)	(954)
	3.915	3.915
Changes this period:		
Depreciation	(974)	(974)
	(974)	(974)
Book value as of 31 December 2020		
Purchase price	4.869	4.869
Accumualted depreciation	(1.928)	(1.928)
	2.941	2.941

Depreciation rates	Percentage
Computer equipment	20,0%

17. Financial fixed assets

Financial fixed assets consist of the following wholly owned subsidiary:
- Fairchain Tech B.V., Amsterdam, the Netherlands.

At year-end 2020 and 2019 a provision is recorded for the negative amount of the the subsidiary.

18. Trade and other receivables	31-12-2020	31-12-2019
	EUR	EUR
Receivables from related parties	6.252	1.147
Other taxes and social security contributions	6.906	55.083
	13.158	56.230

Other taxes and social security contributions relates to VAT receivables. Trade and other receivables are due within one year.

19. Cash and cash equivalents

Cash and cash equivalents are available on demand and at free disposal.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

NOTES TO THE SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2020

20. Reserves

The movement of reserves during the financial period is specified below.

	2020	2019
	EUR	EUR
Reserves		
Balance as at 1st of January	(6.585)	98.862
Net result	(31.511)	(105.447)
Balance as at 31st of December	(38.096)	(6.585)

Appropriation of profit of 2019

The financial statements for the reporting year 2019 have not been adopted by the Board of Directors. Awaiting for this approval, appropriation of the net result has been added to the reserves.

Appropriation of result

The Board of Directors proposes, with consent of the Supervisory Board, to deduct the result for the year 2020 to the reserves.

21. Non-current liabilities

Long term liabilities at year-end 2019 related to a loan payable to one of the donors. The loan has been repaid during 2020. No interest has been charged on the loan.

22. Current liabilities

	31-12-2020	31-12-2019
	EUR	EUR
Accounts payable to suppliers and trade creditors	56	-
Debts to related parties	4.485	17.362
Accruals and other current liabilities	13.450	1.435
	17.991	18.797

Accounts payable and other current liabilities are payable in one year.

Accruals and other current liabilities relates to an accrual for audit fees (2019: -).

23. Off-balance sheet assets and liabilities

There are no off-balance sheet assets and liabilities to be disclosed in these financial statements.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

NOTES TO THE THE SEPARATE STATEMENT OF INCOME AND EXPENDITURES
FOR THE YEAR ENDED 2020

24. Share of result of participating interests after tax

This concerns the share of the Company in the results of its participating interests amounting to EUR 8,451 (loss) (2019: EUR 39,985 loss).

25. Transactions with related parties

For the purpose of these financial statements, parties are considered to be related to Fairchain if Fairchain has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Fairchain and the party are subject to common control or common significant influence. Related parties comprise management of the Fairchain. A part of the Fairchain`s transactions is with related parties.

26. Subsequent events

Refer to note 15 of the consolidated financial statements for the subsequent events relevant to Stichting Fairchain.

Amsterdam, 22 September 2021

The Board of Directors

G.P.J. van Staveren van Dijk A.P. Govers

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

OTHER INFORMATION

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Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

OTHER INFORMATION

Independent auditor's report

The independent auditor's report is set forth on the next page.

NielenVanDeLaar Accountants B.V.
Document to which our report (NLA2021172) dated 22 September 2021 also refers to.

accountants
NielenVanDeLaar

INDEPENDENT AUDITOR'S REPORT

To: The board of directors and supervisory board of Stichting Fairchain

A. Report on the audit of the financial statements 2020 included in the financial statements

Our disclaimer of opinion
We were engaged to audit the financial statements 2020 of Stichting Fairchain based in Amsterdam.

We do not express an opinion on the accompanying financial statements of the entity. Due to the significance of the matters described in the 'Basis for our disclaimer of opinion' section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the accompanying financial statements as a whole.

The financial statements comprise:
1. the consolidated and separate balance sheet as at 31 December 2020;
2. the consolidated and separate profit and loss account for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our disclaimer of opinion
Stichting Fairchain recognizes income from donations and rendering of services to customers at the moment of cash receipts, in accordance with the payments schedules agreed upon with the donor or customer. In 2020 the entity recognized income from donations of EUR 546,520, while income from technology amounted to EUR 351,838. Because the entity does not have full insight in the amount of cost incurred in relation to the activities on each of the donor and service contracts, it is not able to allocate the amount of income to the correct period. As a result, we were unable to determine whether any corrections would be required with regard to the recognized income in 2020.

Income from donations of EUR 546,520 contains an amount of EUR 89,105 which has not been supported with contractual agreements or decisions with donors or customers. As a result, we were unable to determine whether any corrections would be required with regard to this amount.

Expenditures incurred by the entity of EUR 929,619 have not been completed supported with evidence (invoices or contracts). Based on a sample we have identified a projected error of EUR 10,768, which has not been adjusted for.

At this moment, Stichting Fairchain does not have a policy in place to allocate expenditures to cost categories (programs, management & administration cost and new business development) as required by the Guideline for annual reporting 650 ''Fundraising Organizations'' and the entity's articles of association. As a result, we were unable to determine whether any corrections would be required with regard to the presentation of the expenditures in 2020.

Unaudited corresponding figures
We have not audited the financial statements 2019. Consequently, we have not audited the corresponding figures included in the profit and loss account, cashflow statement and in the related notes.

B. Report on the other information included in the report on the financial statements

In addition to the financial statements and our auditor's report thereon, the report on the financial statements contains other information that consists of:

- other information as required by the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

Due to the significance of the matters described in the 'Basis for our disclaimer of opinion' section, we have not been able to consider in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board and and the provisions according to Wet normering topinkomens (WNT, Top Income Standardization act) whether or not the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board and and the provisions according to Wet normering topinkomens (WNT, Top Income Standardization act).

We were engaged to read the other information and, based on our knowledge and understanding to be obtained through our audit of the financial statements or otherwise, to consider whether the other information contains material misstatements.

Management is responsible for the preparation of the other information as required by the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements
Responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board and the provisions according to Wet normering topinkomens (WNT, Top Income Standardization act). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with Dutch law, including the Dutch Standards on Auditing. However, due to the matters described in the 'Basis for our disclaimer of opinion' section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We are independent of Stichting Fairchain in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence), Wet normering topinkomens (WNT, Top Income Standardization act) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

Utrecht, 22 September 2021

NielenVanDeLaar accountants B.V.

C.J.G Nielen RA