

**Stichting Fairchain**

Elementenstraat 10  
1014 AR Amsterdam

**Report on the consolidated financial statements for  
the year ended 31 December 2021**

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## MANAGEMENT REPORT

Dear supervisory board,

The Board of Directors is pleased to present the financial and project update of Stichting Fairchain ('Fairchain' or 'the foundation') regarding the blockchain project and ADD funding for the financial period ended 31 December 2021.

### General

Stichting Fairchain serves the public interest and does not aim to make profit. It has a subsidiary FC Tech BV in which it organizes its, blockchain, technology activities on a semi-commercial basis as a social enterprise. This year's annual report of the Stichting will not be one consolidated report but one in which the results of FairChain technology will be presented as a subsidiary. In the blockchain auditing report those cost in the foundation associated to the project are part of this financial update.

### 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 Tech 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, its implementation and market adoption has been co-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 and the sdg's.

Mission

## FairChain

- FairChain develops the technology and platform to enable purpose driven brands and their value chain (COOPs/producers) to utilize this opportunity.
- Focus is on the brands and value chains that do not have the scale and knowledge to develop this inhouse. FairChain foundation provides them the tools to highlight the fairness of their products and engage consumers to turn their quality into value.



### 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 has 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 and implementation of all technologies on behalf of Stichting Fairchain.

### Activities during the year

#### Tech development: from krypcore to FC 1.5

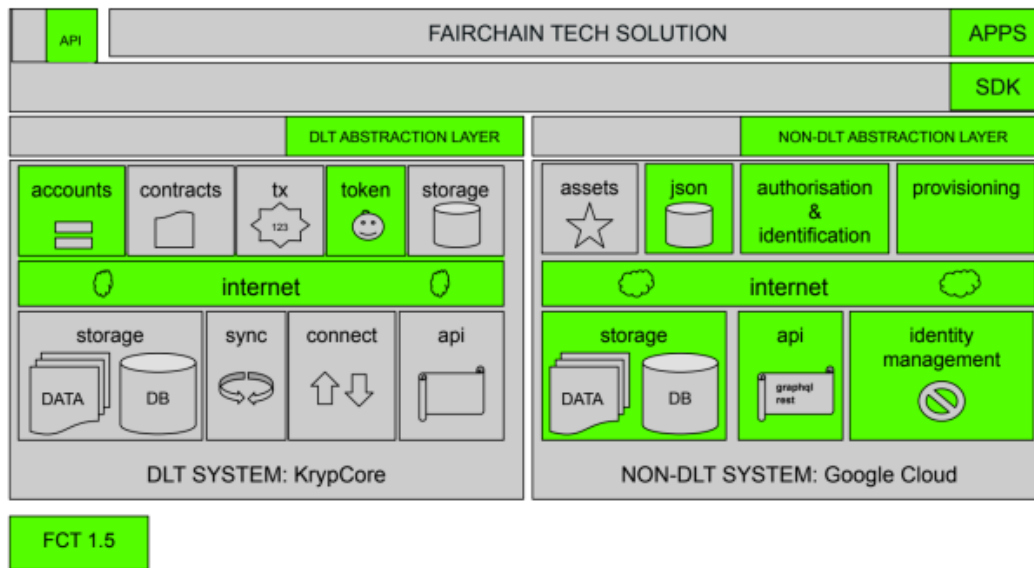
The vision of the FairChain Tech (FCT) company is to turn impact into marketing. From this vision, our mission is to create economic, social and environmental impact in value chains and help build shared value chains with Positive Externalities.

Our vision starts with an architecture that is built for adaptability and flexibility, our internal process should match that way of thinking. Our technical boundaries and business requirements change very fast. An agile, hence unpredictable (in terms of outcome and velocity) way of working fits best. To overcome the lack of predictability, short iterations in the design-build-test-deploy cycle are needed. Preferably as short as possible in terms of management and process overhead.

For this reason we have worked during the year to get the platform and functionality decoupled from the Hyperledger blockchain layer and enable the replacement of the krypcore engine by one that will reduce vendor dependency and prepare for our road to public strategy.

We managed to get to FC 1.5

Our current implementation status (being summarized as FCT 1.5) of this architecture :



The essential development where focused on moving the Hyperledger infrastructure from krypc managed servers to nodes hosted by Microsoft azure considerably lowering platform operating cost in line with FairChain’s low cost design philosophy. This disconnect the blockchain architecture “as is” from future developments in line with our road to public blockchain vision. It Basically disconnect the blockchain layer from the middleware layer of Krypcore.

To be able to replace the krypcore data and rules engine in the future we created a FairChain Database layer based on Google fire base infrastructure. Firebase Realtime database allows applications to approach cross-platform data within realtime after joining NoSQL cloud-storage. This Realtime database also enables us to work without internet connectivity which is needed as many of our first mile customers lack access to internet. Data is still being cached in the memory of your device when you are offline and start synchronizing after the internet connectivity.

So following the 2020 Tech Roadmap the so-called off chain database (that holds farm and farmer details) has been decoupled from the blockchain platform. The main reason for this is to facilitate a generic solution to integration with first-mile applications (like FarmForce and other Rural Sourcing Management products). First step for this is to set-up the FairChain Database (previously referred to as the Farmer Database). We decided to use the cloud database from Google for that. This product from the Google Cloud Platform provides all the IT services to develop a low-cost, secure and scalable FairChain Database. From harvest 2021/2022 the harvest data will be registered in the first-mile application, then loaded in the FairChain Database and (when all proof documents are available) registered on the blockchain. The blockchain hashes will be stored in the FairChain Database as a result. The result is a single source of truth for all relevant master- and transactional data. This allows FairChain to work with roles and authorizations to grant access to their own data for FairChain customers (so all data remains in one database and using Google Cloud Platform provides standard tools to secure access to data).

The integration of Firebase Authentication feature also deals with the data security concerns of users which was one of the orange flags in the last tech audit. With a Realtime database, we can set the data permissions, which is another advantage when designing impact ecosystems business processes above the current blockchain bases rule engine. Cloud Firestore is using Identity and Access Management (IAM) and strict data protection rules. Firebase Authentication uses OpenID Connect and OAuth 2.0 sign-in verification procedures when it comes to server-side identifications. This authentication feature merges with other services of Firebase to improve sign-in and data assessment platform that helps us build e.g. KYC functionality that will become more important when large transaction values will move over the platform. It will pave the way towards zero knowledge proof that will become important in a high privacy context like that of healthcare.

With the FairChain 1.5 architecture we have improved our data management possibilities immensely which is needed when more and more data is gathered. Our design philosophy is low cost do-it-yourself which means that data integrity will become a growing issue. We will experiment with the Firebase Machine Learning or ML Kit to identify outliers in living income and other impact survey data and help with analyze e.g tree image data capturing for carbon credit purposes.

Another advantage of Firebase is Cloud Firestore. This NoSQL database makes it easy for programmers to transfer and store data for front and backend development. This cloud database is also known for its Realtime updates, flexible data models, offline support, and quick data inquiries.

To drastically reduce the time to market of the consumer applications it has been decided to insource the development of the mobile app development. In the course of 2021 all story proving, token flow and feedback loop web applications were re-platformed to Google Cloud Platform. Our consumer Mobile Apps are now decoupled from the kryptcore to our own managed Cloud Platform as first and important step towards a template based future.

This architectural change enabled FairChain to create templates of all apps available and to make use of generic, widespread available and cost-effective resources.

All story proving solutions as well as the token services are now available in the FairChain API catalog. An API catalog serves as a roadbook for (mobile) application developers to build applications based on the Impact Driven Platform data and transactions. This will facilitate the expansion of FairChain both in customers (brands) and consumers.

The source code of the FairChain applications is now available on the global platform GitHub. <https://github.com/fairchaintech>. This and including the API catalog facilitates the template-based, low-cost and DIY implementation of the Impact Driven platform for the new FairChain customers.

To ensure short response times in the consumer apps the token management had been transferred to Google Cloud Platform. Tokens are, and will be created on the blockchain, whereas the unique QR codes are created using Google Cloud. The new build application assigns blockchain tokens (unique URL's registered on the blockchain) to the QR codes in Google Cloud. The result of this is a flawless interaction for the consumers because the (slow and expensive) lookup from blockchain is replaced by a (speedy and cheap) lookup from Google Cloud. This architectural change enabled FairChain to provide seamless and highly responsive customer interaction.

Our new set up will allow us to replace Hyperledger by another blockchain protocol and also separate token economics from the actual proof points and transactions on the blockchain. And prepare for moving to Fc 2.0 that will lead to template based front end functionality and use of a low cost public blockchain protocol.

As important element in the donor audit requirements an external Audit Tech Readiness Check was done by Prof. Jan Veuger and successfully completed:

Audit requirements where: The scope of the assignment is to verify the technical solutions that are the core of the FairChain Foundation (FCF). This assignment is limited to the following topics: ▪ Proposition, the proposition of FairChain should be fully complete, conform the expectation of the various users of the platform. ▪ Functionality, the defined functionality is implemented, deployed and is working properly. ▪ Scalability, the ability of the platform to keep up in alignment with the increase of functionalities and users. Is the FairChain platform fully completed, functional and scalable? This will need to be independently verified and confirmed by an independent external expert. Terms of reference and selection of the expert requires a no-objection by our Embassy. FCF will need to critically review if the current technical partner (KrypC) is adequate for the FCF requirements.

The following technical resources are at least needed for making significant progress in the creation of FCT 2.0 as a scalable, low-cost, flexible and usable product offering: • 1 Product Manager/Technical Writer/Social Media & Marketing liaison • 2 Full stack Software Developers with blockchain experience/knowledge • 1 Devops expert.

This has become part of the business plan and business case for 2022-2025.

The platform is ready for deploy by the partners contributed in the pilot phase and we worked on 3 MOU's to scale up the use of the platform. These activities will start in 2023 when funding is secured.

### **Financial performance, funding and cashflows**

In 2021 Fairchain Tech budgeted an income from existing grant donations of € 175.000, € 44.025 and looked for a costed extension of € 342.217 that was granted in June 2021. Income from donation 2021 was adjusted to 175.000 of the old grant and € 270.661 and €61.581 coming from the adjusted grant decision ADD4000002062, contract no. 6005532. So total income from donations amounted to EUR 507.242. The actual income from donations however where EUR 445.661.

However € 61.581 was to be transferred upon "go" decision on 31 August 2021 based on satisfactory assessment of: 1. A financial audit over 2020, with adherence to recommendations by the auditor (in response to the management letter); 2. An external organizational review and reorganization plan for the FairChain Foundation (FCF); 3. A credible multi-year (3-5 years) business plan, based on

sound market research, that demonstrates eventual financial self-reliance. This will require at least 3 serious expressions of interest, based on detailed user cases. Preferably 2, but at least 1, should apply to opportunities in Ethiopia; 3. The technical solutions that are the core of the FCF proposition should be fully completed, functional and scalable. This will need to be independently verified and confirmed by an independent external expert. Terms of reference and selection of the expert requires a no-objection by our

Embassy; FCF will need to critically review if the current technical partner (KrypC) is adequate for the FCF requirements;

All but one of these requirements were met. The financial audit requirements led to a misunderstanding between the auditing firm, supervisory board and the donor. The project audit protocol followed in previous years was wrongly replaced by an auditing protocol auditing the complete foundation and the outcome was unsatisfactory to the donor. A new auditor was appointed by the supervisory board to re-do the audit based on the correct protocol. This audit was approved by the donor in 2022 followed by the payment of € 61.581.

Due to this misunderstanding the actual income from donations however where EUR 445.661. the unexpected gap was covered by a bridge loan by Fc Lab of EUR 80.000 that allowed the Foundation to work on the audit with a new auditor according to the right audit protocol

Income from operations and in kind where projected on EUR 177.501. The actual income realized is EUR 188.927. The income from Other is coming from Mugello and the own fund raising comes from Moyee.

Total income projected : E 684.643

Actual income realized : E 634.588

29				
30	Offsets		01-01-2021 t/m 31-12-2021	
31			BUDGET	ACTUAL
32	Income from donations - EKN		270,523	445,661
33	Income from donations - Other			64,000
34	Income from own fund raising - In kind			93,900
35	Income from Technology		177,501	94,927
36	<b>Total Income</b>		<b>448,024</b>	<b>698,488</b>
37	<b>Total Offsets</b>		<b>448,024</b>	<b>698,488</b>
38				
39				
40				
41	The EKN part of the ACTUAL donations is 175000 + 270661 = 445661 EUR			445,661
42	The EKN part of the BUDGET donations is 270523 EUR			270,523
43				175,138
44				

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 casts are in reasonable proportion to those related to the Fairchain programs. The expenditure incurred by FairChain foundation and FairChain Tech connected to the project funded by grant decision ADD4000002062, contract no. 6005532 are as follows:

Total Cost projected : E 784,350

Actual Cost realized : E 780.756

## Base Case Option - Summary

Base Case Option FairChain Tech					
Please note all values are stated in Euro					
Capital Costs		01-01-2021 t/m 31-12-2021		VARIANCE	
		Budget	Actual	EUR	%
1.0 Hardware		24,350	13,661	-10,689	-44%
2.0 Systems Integration / Development		332,000	329,858	-2,142	-1%
3.0 Fit Out		9,500	0	-9,500	-100%
4.0 Other Capital Costs		12,500	0	-12,500	-100%
<b>Total Capital Costs</b>		<b>378,350</b>	<b>343,519</b>	<b>-34,831</b>	<b>-9.2%</b>
Operating Costs					
5.0 Employee Expenses		53,000	54,351	1,351	3%
6.0 Property Operating Expenses		12,000	0	-12,000	-100%
7.0 Specific Supplier Expenses		164,500	179,823	15,323	9%
8.0 General Supplier Expenses		18,000	18,796	796	4%
9.0 Corporate Support Expense		0	34,822	34,822	-
10.0 Software Licensing		61,000	42,438	-18,562	-30%
11.0 System maintenance and Support		4,000	0	-4,000	-100%
12.0 Other Operating Expenses		3,500	993	-2,507	-72%
13.0 Implementation support Expenses		90,000	106,014	16,014	18%
<b>Total Operating Costs</b>		<b>406,000</b>	<b>437,237</b>	<b>31,237</b>	<b>7.7%</b>
<b>Total Costs</b>		<b>784,350</b>	<b>780,756</b>	<b>-3,594</b>	<b>-0.5%</b>

## Risk assessment

### Strategic risks

Fairchain has developed a new strategy plan that covers a period of 5 years. Part of the plan is the identification of strategy risk that could harm the successful achievement of strategy objectives. The progress on implementation of the strategy plan and the associated risks identified in it are monitored and managed on a quarterly basis by senior management.

Based on the grant requirements an external organizational review and reorganization plan for the FairChain Foundation (FCF) was done and a credible multi-year (3-5 years) business plan, based on sound market research, that demonstrates eventual financial self-reliance was evaluated by Next2company accompanied by 3 serious expressions of interest, based on detailed user cases.

On 28<sup>th</sup> of February the FairChain Foundation received a 2.350.000 grant to execute this 5 year plan/.

### Operational risks

Fairchain operates in countries that are less stable and potential suffer from COVID and region conflict implications. it's 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.

In 2022 an organizational risk and integrity (ORIA) analysis is planned

### 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 its current donors and constantly monitoring it's liquidity position. For the coming years and the existing project FairChain has secured sufficient funds. In order to scale up more rapidly or engage in new activities new funds will be required.



Fairchain is exposed to foreign currency risk on expenditures that are denominated in a currency other than the Euro, mainly Ethiopian 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 the operations. FairChain is no formal party in these on the ground activities. In 2022 we will have to spent more time on this in those project where Fairchain tech will engage with new actors. An ORIO

#### *Realization of objectives*

In 2021 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 and where 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. Not part of the board but part of the Management team was Ronald Janlauw.

#### *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 2021 3 Supervisory Board meetings took place. In addition on regular basis feedback and input was given on specific requests. In 2022 1 or 2 new board member will be looked for to increase financial and inclusiveness knowledge

#### *Code of Conduct*

Fairchain implemented a Code Of Conduct, outlining the standards of behaviors 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.

### **Personnel**

#### *Staff*

Both Stichting FairChain and FairChain Tech BV do not employ 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 4.000 per month. The hours/cost above this amount are supported and monitored in monthly time registration and contributed in kind

### **Research and development**

All 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 worked 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 looked for outside support and external market and product validation. Our goal is to scale up and digitalize 20,000 farmers in 2022 and 50,000 in 2023 and connect one to three Moyee kind of brand in 2023 and 5 to 10 in 2024. Than scale up to a break even situation in the year 2025 whereby, Fairchain tech is funded by private sector projects.

In 2021 we critically reviewed 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 FairChain 2.0 and the road to public intensified and for all processes and tech development choices going forward we will go through a make - buy- alley process. Our tech roadmap will be determined by this strategy vision (low cost DIY) and the functional requirements determined by the use cases. We will continue with our rapid prototyping approach.

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.

Based on the feedback received during previous auditing period we have started to work on budgeting and planning of 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 better 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 and expect this to be possible in 2023.

Amsterdam, 12 May 2022

The Board of Directors

G.P.J. van Slaveren van Dijk

A.P. Govers

**CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021**

(before result appropriation)

	<b>Note</b>	<b>31 December 2021</b>		<b>31 December 2020</b>	
		€	€	€	€
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Intangible Fixed Assets		<u>0</u>		<u>0</u>	
			0		0
Tangible Fixed Assets	1	<u>1,961</u>		<u>2,941</u>	
			1,961		2,941
Financial Fixed Assets		<u>0</u>		<u>0</u>	
			0		0
<b>Current Assets</b>					
Trade Receivables and other receivables	2	161,692		122,420	
Cash and cash equivalents	3	<u>528</u>		<u>62,092</u>	
			162,219		184,512
<b>TOTAL ASSETS</b>			<u><u>164,180</u></u>		<u><u>187,453</u></u>

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021**

(before result appropriation)

	<b>Note</b>	<b>31 December 2021</b>		<b>31 December 2020</b>	
		€	€	€	€
<b>LIABILITIES</b>					
<b>Reserves</b>	4	<u>(140,153)</u>		<u>(38,095)</u>	
			(140,153)		(38,095)
<b>Non-current liabilities</b>	5	<u>80,000</u>		<u>0</u>	
			80,000		0
<b>Current liabilities</b>	6	<u>224,333</u>		<u>225,548</u>	
			224,333		225,548
<b>TOTAL LIABILITIES</b>			<u><u>164,180</u></u>		<u><u>187,453</u></u>

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

**Consolidated Statement of Income and Expenditures for the year  
ended 31 December 2021**

	Note	2021 Actual €	2021 Budget €	2020 Actual €
<b>Income</b>	9			
Income from donations		509,661		546,520
Income from technology		94,944		177,498
Income from own fundraising		93,900		174,339
<b>Total Income</b>		698,505	0	898,357
<b>Expenditures</b>	10			
Program costs		(681,418)		(799,650)
Management & Administration costs		(113,138)		(99,968)
New Business Development		(5,000)		(30,000)
<b>Total Expenditures</b>		(799,556)	0	(929,618)
<b>Net Operating result</b>		(101,050)	0	(31,261)
Financial results	11	(1,007)		(249)
<b>Result before taxation</b>		(102,058)	0	(31,510)
Taxation	12	0		0
<b>Net Result</b>		<u>(102,058)</u>	<u>0</u>	<u>(31,510)</u>
<b>Appropriation of result</b>				
Added to (deducted from) the reserves		(102,058)	0	(31,510)
		<u>(102,058)</u>	<u>0</u>	<u>(31,510)</u>

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

**CONSOLIDATED CASH FLOW STATEMENT 2021**

	<i>Note</i>	<b>ACTUAL 2021</b>		<b>ACTUAL 2020</b>	
		€	€	€	€
<b>Operating result</b>			(101,050)		(31,261)
Adjusted for:					
- Depreciation/amortisation	1		980		974
- Mutaties in het werkkapitaal	2, 5		<u>(40,487)</u>		<u>86,386</u>
			(39,506)		87,360
<b>Cash Flow from Business Operations</b>			<u>(140,557)</u>		<u>56,099</u>
Interest Paid	11		<u>(1,007)</u>		<u>(249)</u>
			(1,007)		(249)
<b>Cash flow from operating activities</b>			(141,564)		55,850
<b>Investments in:</b>					
- Tangibel Fixed Assets	1		<u>0</u>		<u>0</u>
<b>Cash flows from investing activities</b>			0		0
Additional (Repayment of) Borrowings	5		<u>80,000</u>		(100,000)
<b>Cash flows from financing activities</b>			80,000		(100,000)
<b>Net Cash Flow</b>			(61,564)		(44,150)
<b>Reconciliation Cash Equivalents</b>					
Cash and Cash Equivalents 1 January	3		62,092		106,242
Cash and Cash Equivalents 31 December	3		<u>528</u>		<u>62,092</u>
<b>Changes in cash and cash equivalents</b>			<u>(61,564)</u>		<u>(44,150)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL

Reporting entity and relationship with parent company

Stichting FairChain ('FairChain' or 'the entity'), having its legal address in Amsterdam, Elementenstraat 10, 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.



### **Financial reporting period**

These financial statements cover the year 2021, which ended 31 December 2021. The comparative figures present the financial year ended 31 December 2020.

### **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 from 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 extent. 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.

## **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 offbalance 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:

### **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.

## **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 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.

### **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 its 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.

## **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.

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.

## 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.

### **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 nonconsolidated 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.



**NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021****1. Tangible Fixed Assets**

	Computer Equipment	Total
	€	€
Book value as of 1 January 2020		
Purchase Price	4,869	4,869
Accumulated depreciation	(1,928)	(1,928)
	<u>2,941</u>	<u>2,941</u>
Changes this period		
Depreciation	(980)	(980)
	<u>(980)</u>	<u>(980)</u>
Book value as of 1 January 2020		
Purchase Price	4,869	4,869
Accumulated depreciation	(2,908)	(2,908)
	<u>1,961</u>	<u>1,961</u>
Depreciation rates:		<u>Percentage</u>
Computer Equipment		20.00%

**2. Trade and other receivables**

	31 December 2021	31 December 2020
	€	€
Trade Receivables	104,862	9,871
Receivables from related parties	0	20,000
Other taxes and social security contributions	56,830	92,549
Other Receivables	0	0
	<u>161,692</u>	<u>122,420</u>

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

## 5. Non-current liabilities

Long term liabilities at year end 2021 are a 80.000 EUR loan from one of the donors. No interest is charges on this loan.

## 6. Current liabilities

	31 December 2021	31 December 2020
	€	€
Accounts payable to suppliers and trade creditors	147,260	107,635
Debts to related parties	0	49,921
Accruals and other current liabilities	75,396	67,992
	<b>222,657</b>	<b>225,548</b>

Accounts payable and other current liabilities are payable in one year

## 7. Financial Instruments

### *General*

The primary financial risk for FairChain concerns liquidity risk and credit risk. FairChain is fully committed to full compliance and risk 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 fail to meet their contractual obligations, and raises 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 Ethiopian birr. FairChain's internal organization and quality control policy ensures that the exposure in this area is kept to an acceptable level.

**8. Off-Balance sheet assets and Liabilities**

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

**Notes to Consolidated statement of income and expenditure for the year ended 31 December 2021****9. Income**

The entity is obtaining donations to fund the projects and programs. Income from technology mainly relates to income generated from the Blockchain Platform, one of the programs supported by FairChain.

	<b>2021 Actual</b>	<b>2021 Budget</b>	<b>2020 Actual</b>
	€	€	€
<b>Income</b>			
Income from donations	509,661		591,768
Income from technology	94,944		132,250
Income from own fundraising	93,900		174,339
	<u>698,505</u>		<u>898,357</u>
<b>Total Income</b>	<u><u>698,505</u></u>		<u><u>898,357</u></u>

**10. Expenditures**

	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>Program Costs</b>	<b>Management &amp; administration</b>	<b>New Business Development</b>	<b>Total</b>
Cost of outsourced work	681,418	0	5,000	686,418
Depreciation costs	0	980	0	980
Other Operating expenses	0	112,158	0	112,158
	<u>681,418</u>	<u>113,138</u>	<u>5,000</u>	<u>799,556</u>
	<u><u>681,418</u></u>	<u><u>113,138</u></u>	<u><u>5,000</u></u>	<u><u>799,556</u></u>
Budget 2021	<u><u>700,000</u></u>	<u><u>50,000</u></u>	<u><u>30,000</u></u>	<u><u>780,000</u></u>

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

Budget 2021 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 effect, budget updates were shared with EKN. The Company chose 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 2020 mainly via postponing investments in a new supply chain and lowering the investments in the first mile implementation.

	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
	<b>Program Costs</b>	<b>Management &amp; administration</b>	<b>New Business Development</b>	<b>Total</b>
Cost of outsourced work	799,650	0	30,000	829,650
Depreciation costs	0	974	0	974
Other Operating expenses	0	98,994	0	98,994
	<u>799,650</u>	<u>99,968</u>	<u>30,000</u>	<u>929,618</u>
	<u><u>799,650</u></u>	<u><u>99,968</u></u>	<u><u>30,000</u></u>	<u><u>929,618</u></u>
Budget 2020	<u><u>700,000</u></u>	<u><u>50,000</u></u>	<u><u>30,000</u></u>	<u><u>780,000</u></u>

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.

	<b>2021 Actual</b>	<b>2021 Budget</b>	<b>2020 Actual</b>
	€	€	€
<b>Other operating income</b>			
Legal and professional fees	126,224		54,764
Office expenses	18,126		38,938
General Expenses	(32,193)		5,292
	<u>112,158</u>		<u>98,994</u>
<b>Total Other operating income</b>	<u><u>112,158</u></u>		<u><u>98,994</u></u>

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

## 11. Financial results

	<b>2021</b> <b>Actual</b> €	<b>2021</b> <b>Budget</b> €	<b>2020</b> <b>Actual</b> €
Interest expenses and similar expenses	555		444
Foreign exchange results	453		(195)
	<u>1,007</u>		<u>249</u>

## 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 88,784) 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 2021 and 2020.

## 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.

**SEPARATE FINANCIAL STATEMENTS**

**SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2021**  
(before result appropriation)

	Note	31 December 2021		31 December 2020	
		€	€	€	€
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Intangible Fixed Assets		0		0	
Tangible Fixed Assets		1,961	0	2,941	0
Financial Fixed Assets		0	1,961	0	2,941
			0		0
<b>Current Assets</b>					
Trade Receivables and other receivables		97,078		13,158	
Cash and cash equivalents		144		12,232	
			97,222		25,390
<b>TOTAL ASSETS</b>			<u>99,183</u>	<u>28,331</u>	

**SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2021**  
(before result appropriation)

	Note	31 December 2021		31 December 2020	
		€	€	€	€
<b>LIABILITIES</b>					
<b>Reserves</b>		(140,153)		(38,095)	
<b>Provisions</b>		120,153	(140,153)	48,436	(38,095)
<b>Non-current liabilities</b>		80,000	120,153	0	48,436
<b>Current liabilities</b>		39,183	80,000	17,990	0
<b>TOTAL LIABILITIES</b>			<u>39,183</u>	<u>17,990</u>	
			<u>99,183</u>	<u>28,331</u>	

The notes on pages 34 to 37 are an integral part of these consolidated financial statements.



**Separate Statement of Income and Expenditures for the year  
ended 31 December 2021**

	Note	2021 Actual €	2021 Budget €	2020 Actual €
<b>Income</b>	9			
Income from donations		509,661		529,137
Income from technology		0		5,828
Income from own fundraising		0		0
<b>Total Income</b>		509,661	0	534,965
<b>Expenditures</b>	10			
Program costs		(24,410)		(485,320)
Management & Administration costs		(14,693)		(42,467)
New Business Development		(5,000)		(30,000)
<b>Total Expenditures</b>		(44,103)	0	(557,788)
<b>Net Operating result</b>		465,558	0	(22,823)
Financial results	11	(299)		(236)
<b>Result before taxation</b>		465,259	0	(23,059)
Taxation	12	0		0
<b>Net Result</b>		465,259	0	(23,059)
<b>Result Subsidiaries</b>		(567,317)		(8,451)
<b>Appropriation of result</b>				
Added to (deducted from) the reserves		(102,058)	0	(31,510)
		(102,058)	0	(31,510)

The notes on pages 34 to 37 are an integral part of these consolidated financial statements.

## **NOTES TO SEPARATE FINANCIAL STATEMENTS**

### **GENERAL**

The separate financial statements are part of the 2021 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 interest with group 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.

**NOTES TO THE SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2021**

**16. Tangible Fixed Assets**

	Computer Equipment	Total
	€	€
Book value as of 1 January 2020		
Purchase Price	4,869	4,869
Accumulated depreciation	(1,928)	(1,928)
	<u>2,941</u>	<u>2,941</u>
Changes this period		
Depreciation	(980)	(980)
	<u>(980)</u>	<u>(980)</u>
Book value as of 1 January 2020		
Purchase Price	4,869	4,869
Accumulated depreciation	(2,908)	(2,908)
	<u>1,961</u>	<u>1,961</u>
Depreciation rates:		<u>Percentage</u>
Computer Equipment		20.00%

**17. Financial Fixed Assets**

Financial fixed assets consist of the following wholly owned subsidiary:

- FairChainTech B.V., Amsterdam, The Netherlands

**18. Trade and other receivables**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	€	€
Trade Receivables	0	0
Receivables from related parties	89,621	6,252
Other taxes and social security contributions	7,457	6,906
Other Receivables	0	0
	<u><b>97,078</b></u>	<u><b>13,158</b></u>

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

## 19. Cash and cash Equivalents

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

## 20. Reserves

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

	<b>2021</b>	<b>2020</b>
	€	€
<b>Reserves</b>		
Balance as of 1 January	(38,095)	(6,585)
Net Result	(102,058)	(31,510)
Balance as of 31 December 2021	<u>(140,153)</u>	<u>(38,095)</u>

## Appropriation of result

The Board of Directors proposes, with consent of the Supervisory Board, to deduct the result for the year 2021 to the reserves.

## 20. Non-current liabilities

Long term liabilities at year end 2021 are a 80.000 EUR loan from one of the donors. No interest is charges on this loan.

## 22. Current liabilities

	<b>31 December 2021</b>	<b>31 December 2020</b>
	€	€
Accounts payable to suppliers and trade creditors	39,183	55
Debts to related parties	0	4,485
Accruals and other current liabilities	0	13,450
	<u><b>39,183</b></u>	<u><b>17,990</b></u>

Accounts payable and other current liabilities are payable in one year

## 23. Off-Balance sheet assets and Liabilities

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

**24. Share of result of participating interest after tax**

This concerns the share of the Company in the results of its participating interests amounting to EUR 567,317 (loss) (2020: EUR 8,451 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 the note 15 of the consolidated financial statements for the subsequent events relevant to Stichting FairChain.

Amsterdam, 21 September 2022

The Board of Directors,

G.P.J. van Staveren van Dijk

A.P. Govers