

# GOLDMONEY INC. SHAREHOLDER LETTER

## FISCAL YEAR 2021

Dear Fellow Shareholders,

In fiscal 2021, our group generated \$654 million in revenue and \$28 million in gross profit. This represents a 43% and 37% increase from \$459 million in revenue and \$20.5 million in gross profit in fiscal 2020. As of March 31, 2021, our group's tangible capital was \$126.1 million, up 8.6% from \$116.1 million a year earlier. Off-balance sheet client assets at year-end were \$2.3 billion.

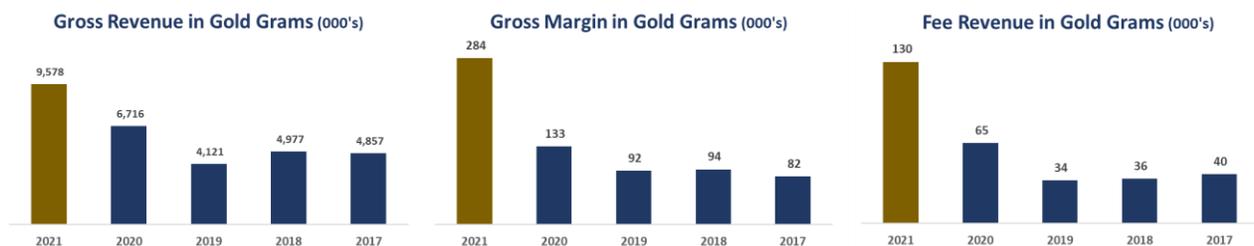
In last year's letter, I presented our long-term strategy and general philosophy. Please refer back to that letter to contextualise this year's letter which is primarily focused on our operations and financial results.

### *Our Long-Term Financial Results*

Below is a snapshot of our five-year activity. In fiscal 2021, our gross profit (which is the cash and metal earned from our business activity before any expenses are deducted) achieved a record \$28 million. To put this figure in perspective, consider that in 2016 our group of businesses were generating just \$4.3 million in annual gross profit. These long-term results are impressive as Goldmoney has consistently increased our earnings power at a rate that far exceeds gold's appreciation versus fiat currencies.

(\$000s, except earnings per share)	2021	2020	2019	2018	2017
Revenue	654,410	458,873	281,544	340,072	331,885
Cost of sales	(635,009)	(449,800)	(275,288)	(333,642)	(326,297)
Gross margin	19,401	9,073	6,256	6,430	5,588
Fee Revenue	8,875	4,413	2,356	2,470	2,712
Interest income	861	1,926	1,812	1,173	343
Gross profit	28,099	20,461	12,382	9,737	9,057

### *Return on Metal Weight*



At Goldmoney, we measure our results in relation to gold as our various businesses were designed to earn a weight of precious metal through their diverse activities ranging from custody to jewelry manufacturing. We are pleased to see that in fiscal 2021, all three of our key performance indicators grew significantly when measured in gold grams.

The most important metric is that of tangible capital which grew by \$10.0 million and 0.25 of a tonne of gold to \$126.1 million (1.84 tonnes of gold) in 2021 from \$116.1 million (1.59 tonnes of gold) in 2020. Let us now dive deeper into this metric to better appreciate these results.

The price of gold decreased 6% from \$72.59 in March 31 of 2020 to \$68.33 in March 31 of 2021. Thus, our tangible capital measured in gold generated a return on metal weight of 16% for the year thereby outperforming the price of gold by 22%. Moreover, this result was achieved in a year where Goldmoney Inc. reduced its share count by 3.8%. This is precisely what we would like to see as it indicates that our group of businesses is accumulating metal and generating a positive return on that metal irrespective of the annual movements in the price of gold. This performance proves the asymmetry to the price of gold inherent within our group of businesses.

***Precious Metal Position***

In last year’s letter, we outlined a key principle in our new corporate strategy would be to accumulate a long-term precious metal position. Our goal is to effectively transform Goldmoney Inc. shares into a tangible position in precious metals which earns a yield through our operational activities and entrepreneurial ventures.

At the time of writing (June 16, 2021), Goldmoney Inc. holds \$56.4 million of precious metals on its balance sheet compared to \$39.7 million on June 11, 2021. Similar to the return on metal weight analysis above, it is important to note the impressive increase in weight of metal owned in-light of the decrease in the fiat currency price of gold over the same period. It is also important to state that this figure is entirely segregated from off-balance sheet client assets, which total \$2.3 billion. Herewith a breakdown of our current precious metals position at the time of writing:

471,137 Grams of Gold.....	\$33.7 million <sup>1</sup>
411,940 Ounces of Silver.....	\$14.1 million
108,945 Grams of Platinum.....	\$4.7 million <sup>2</sup>
13,846 Grams of Palladium.....	\$1.5 million
Gold and Silver Coin Inventory.....	\$2.4 million

As readers may recall, our goal was to end fiscal 2021 with \$50 million in precious metals. We are pleased to have exceeded that goal by 13%. Looking ahead and assuming no change in metal prices, we believe our precious metal position should reach \$70 million by the time I write next year’s shareholder letter.

***Goldmoney.com Operational Update***

Over the course of 2021, Goldmoney Inc. made the decision to exit Jersey, Channel Islands, where our group has maintained an operating subsidiary since BitGold’s acquisition of Goldmoney in 2015. We have made this decision in light of a concrete analysis of our business operations and the economic costs of operating in Jersey versus Toronto, Canada where the majority of our business operations are based. After several years of analysis, it became clear that too many roles were being duplicated and that the Canadian side of the business was far more efficient and profitable. We have established a new European subsidiary in the United Kingdom leveraging the existing infrastructure of Goldmoney LBT and moving forward clients will be given the choice of having a Canadian or UK holding.

We are excited about the economies of scale and operational synergies which will come from this decision. We project a significant cost reduction in the Goldmoney.com business, which will make this already profitable business line even more profitable to shareholders in the years to come. It is also important to mention that we expect clients will benefit from an improved customer experience on multiple fronts from customer service to product features.

Closing down an office with colleagues who have made a contribution to our business and brand is not a decision we took lightly. Consequently, we made the decision to take care of our Jersey employees by offering them sizeable payouts beyond their original employment contracts. We would like to thank all of our team-members in Jersey for helping Goldmoney make this transition, and we wish them the best of luck in their future career paths.

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<sup>1</sup> This figure includes 341,089 grams held in the form of gold bullion as well as 129,278 grams held in the form of 24k gold jewelry backing the precious metal loan to Mene from Goldmoney Inc.  
<sup>2</sup> This figure includes 98,371 grams held in the form of platinum bullion as well as 10,574 grams held in the form of 24k platinum jewelry backing the precious metal loan to Mene from Goldmoney Inc.

There are two aspects of the Jersey decision which require further clarification. First, we decided to take a non-cash charge this quarter (March 31, 2021) of \$2 million to reserve against the closure of the Jersey office. This charge is a requirement according to accounting principles, but we feel that the majority of our costs associated with this process are mostly behind us. Once any residual cost becomes clear, the portion of this accounting entry not incurred by Goldmoney during the closure of the Jersey business will be reversed. Second, we still own our office building in St. Helier, which has appreciated in value since our purchase. Our plan is to either sell or rent out the building in the near future providing additional capital or revenue to our balance sheet.

### ***A Word on Fiscal Q4 Figures***

In the accompanying MD&A and Financial Statements there will be disclosure relating to our activity in Fiscal Q4 of 2021 (the period of January 1, 2021-March 31, 2021). We would like to provide some additional context on these disclosures.

First, it is important to note that of the operational costs accounted for in the quarter there is the \$2 million non-cash charge I have mentioned relating to the closure of the Jersey office. There is an additional \$0.5 million of one-time cash charges associated with this closure. The second factor which must be considered is that in our top-line gross profit figures are impacted by a \$2.36 million negative revaluation of our precious metals position. This drop in the value of our precious metal position as of March 31, 2021 should be separated from our operational activity when analysing our earnings power and financial performance. Lastly, there are \$2.1 million expensed in the quarter for non-cash stock compensation, depreciation & amortisation, and a write-down of Goldmoney LBT.

Investors seeking to understand what the normalized operating costs would have looked like this quarter should, in our view, subtract these figures from both the top line and bottom-line numbers in our financial reports. What should then be apparent is that even in this quarter which was somewhat weak for precious metals, Goldmoney Inc. produced operational earnings even while supporting several growth-related investments.

### ***Totenpass***

Our 60% owned subsidiary Totenpass, which has developed a revolutionary gold storage drive, is preparing to launch in beta this summer. We have funded the build-out of this venture over the past three years entirely from operating cash flow. We now approach the moment where we shall discover whether this venture will be successful or not. Over the past few months, we have seen strong interest in Totenpass. Last week we announced our first enterprise client which is utilising the technology for a space related venture. We believe there are significant applications for Totenpass within the cryptocurrency space in both the nascent world of NFT's but also in custodial applications for cold-wallet storage of cryptocurrencies. We look forward to launching Totenpass in the coming weeks and welcoming another operating subsidiary to our group of businesses that will begin to generate revenue and growth for Goldmoney Inc. shareholders.

### ***Menē***

Menē continues to exceed all of our expectations. The company recently announced its Fiscal 2020 results as well as its Q1 2021 results. In the last quarter, Menē produced an IFRS profit of \$0.5 million on \$7.2 million of revenues. We remain optimistic about Menē's potential to continue disrupting the traditional jewelry industry and reaching the \$50 million annual revenue mark in the coming years. It is important to note that when we calculate and present our tangible capital metric for Goldmoney Inc., we are not valuing our shares in Menē at the prevailing market price. Goldmoney Inc. currently owns 93,692,949 shares of Menē, with a mark to market value of \$55 million. Therefore, Menē is an investment that is becoming more concrete for Goldmoney with each year of continued success. Given our expectations for Menē's growth, it is conceivable that in a few years the Menē investment could be worth \$100 million or more to Goldmoney Inc. shareholders.

## *Gold's Greatest Virtue*

The macroeconomic environment remains favorable for rising precious metal prices. The geopolitical situation is far more precarious than our global leaders would have us believe and the citizenry is actively expressing its dissatisfaction with the monetary order. The most troubling aspect I see today is the manner in which global elites, primarily technology aristocrats of the service economy, have inserted themselves into the conversation as pious thought leaders with a concern for the common man. This performative self-contradiction should be apparent to any intelligent observer who can see that these aristocrats have been the primary beneficiaries of the unprecedented monetary debasement, wealth inequality, and consolidation of power that has taken place in recent history.

This contradiction is difficult to reconcile. On the one hand, many of the things which the technology aristocrats say appear genuine, even when pruning away all the sound money plagiarism which has been integral to the intelligibility of their message. On the other hand, there is a sense that we are being issued a promissory note of sorts which ultimately provides a greater benefit to the issuer than to the purchaser.

I believe gold's greatest virtue, even before it is used as money, is in helping the common man ascertain the truth when he is asked to buy into new economic and political ideologies by those within or outside of the power structure. In order to embrace this feature of gold we must first appreciate the distinction in kind between the real economy and the service economy.

The service economy is comprised of cooperators who offer their human action in the form of services to others. The real economy is comprised of cooperators who invest their human action directly into the natural world and, consequently, produce something tangible which can nourish, be used, measured, and shared. In the service economy language, information, and psychology dominate the hierarchical order of merit. In the real economy, only human action in the face of natural limitations is the arbiter of merit and reward.

My understanding of the real economy hinges on the observation and conviction that a society's most fundamental needs are provided by virtue of a properly ordered relationship to nature. According to this view, the real economic cooperator who works with the land and its multifarious surpluses is ordered above the service economy cooperator who depends both on the land and its surplus of useful goods to offer a service to others.

This real economy, which is found in every peaceful society, is predicated on the natural mystery of generation; that nature renews itself and provides us with the privilege of prospering with her seasons. In the real economy, man explores nature, comes to learn her limits, and respectfully works within those limits. By consequence, his notion of good or bad work, success and failure, all seem to be tethered to the judgement of the natural order. This common-sense notion of learning from nature which actions are practical and which are impractical introduces a set of ideals which empower our collective knowledge of how best to prosper with nature. These ideals include: producing more than we consume (saving), consuming only what we need, eschewing debt, and preserving the land and its resources for the benefit of our children. In the real economy a society generates and renews in a symphony which is in rhythm with the generative cycles of the natural order. This kind of relationship to nature is what the true meaning of the word *sustainable* is; to view our land and its products as sacred, which is to say they exist over and above the whimsical thoughts and ideas of man. Indeed, a proper understanding of the natural order results in the knowledge that the privilege to think arises from the necessity to act. The ideation of the service economy always and everywhere remains in service to the actions of the real economy. In a word, the real economy is generative and the whole of societal prosperity rests on the balance of measuring and rewarding the unsung heroes who empower it, from the farmer to the miner to the craftswoman.

The service economy taken to its logical terminus is parasitic and thus *unsustainable*: the fundamental dynamic of this lifestyle is for man to exist by consciously avoiding any form of participating in the production of the things that he depends upon. Accordingly, such a man makes a unilateral decision to place confidence in his abilities to obtain such things (like food or useful goods) in the future through an exchange of the service that he provides. Only a small minority of cooperators can sustainably live their lives in this fashion; and yet, even for this small minority, a serious moral question remains as to how their contributions should be measured and rewarded.

In a service economy, prosperity is consolidated into power structures. This concentration provides the system with greater control in how it consumes and distributes the resources which it has no part in producing. Within the real

economy, prosperity resists consolidation as each individual actor who contributes to the state of prosperity is restricted by the limits on his action imposed by nature. Consider how the greatest of athletes can no longer perform at the same level in old age. These athletes must now be eclipsed by a new generation. In contrast, a monarch can remain in power in old age so long as he or she exercises the same amount of control over their subjects.

What we are ultimately elucidating is a distinction in kind and not merely of degree between the real economy and the service economy. This distinction being fundamental and inescapable introduces a tension between these two systems which manifests in two entirely different sets of ideals which guide collective cooperation. In the service economy, a system arises where man seeks to conquer the limits imposed on his action in order to mould the world for his personal benefit – even if this can only be done by subjugating others. By contrast, in the real economy, man is humbled by the limits imposed on action into a state of mutual and even-handed cooperation. The parasitic service economy inevitably breeds monarchical structures of power. The real economy breeds athletes who only in very rare cases exhibit a unique ability to act – and thus dominate their field for brief periods of time – before handing the baton to the next generation.

With this understanding let us return to our original premise: *can the service economy aristocrats who have appointed themselves as saviors of the common man from the injustices of monetary debasement be trusted?*

Here we are faced with an illuminating problem: namely, the philosopher kings have been unified in their attack against gold. Students of monetary history will be familiar with this trend. All throughout the ages parasitic systems much like our own sought to supplant gold as the people's money by introducing a new and improved man-made facsimile of the timeless element. What is important to note here is that this persistent desire by the parasitic system to do away with gold is not always promulgated by a government or an official decree. The desire always and everywhere stems from the true source of power within society.

I cannot think of another time in recent history when gold was attacked so overtly by the parasitic system. But their views are inherently contradictory. In order to argue against gold, the word “digital gold” is now being used. By arguing against gold, a virtual globalized digital money where every transaction is publicly recorded – a fantasy of the power structure for decades – is being promoted for adoption as an antidote to central bank issued fiat currency. By attacking gold, the service economy grows stronger each day gaining more control over real economic resources while the farmer and artisan are disenfranchised. By attacking gold, members of the real economy and their children are being compelled to gamble on things that are not real things twenty-four hours a day seven days a week. By attacking gold, which is owned by billions of individuals in varying small amounts, a small handful of billionaires, who already own the great majority of digital currencies, is set to further enslave the real economy. By attacking gold, the level of financialization of things that are not real things has exceeded even the wildest imaginations of a Wall Street derivatives desk in 2006.

What is gold? A natural element, yes. A most stable and unique element which stands out amongst the other material building blocks found in nature. But these are mere facts which we gain knowledge of through experimentation and testing via the classic scientific method. These facts have been described or embraced by thinkers for thousands of years and yet on their own do not provide us with any understanding of why these facts are important. What makes these facts important is that gold, as a tangible piece of nature, cannot be separated from nature the way an idea or abstract symbol can be. So, while gold remains constant in the same way an abstract shape or symbol appears to our minds, it is the *natural world* which gold is ultimately reminding us of. It reminds us about our knowledge of and rootedness to nature which is always there, always real, and always superseding our personal ambitions and ideations. Gold is a reality check and how we talk about gold says something about our collective cognition or dissonance concerning the natural world.

Gold's greatest utility is semiotic given its innate resistance to discourse which is contrary to the natural order of things. The golden fact check renders statements about the world as either intelligible or not, thereby alerting us as to whether or not a speaker is humble in the face of nature. How we talk about gold reflects our understanding of nature and exposes whether we desire to master it or work within its given limitations. Therefore, it matters not whether gold is the money being employed for we can observe that merely the appreciation, or lack thereof, of gold as an element, implies the level of rootedness to the natural world inherent to a society throughout time and place. A cursory review of our shared history confirms that man's respect for gold arises from the same genus of experiences which one perceives when they encounter a beautiful tree, a ripe fruit, a sprawling landscape, or an inimitable species of wildlife. While the subjective hues of this experience may be granted, the irreducible truth which governs

our relationship to nature as the *real*, as the arena of our action and outward manifestation of free will, reigns as fundamental and gold cannot be rejected by our reason lest we indulge in the illusion that we can escape this rootedness to nature.

When we reject these perennial truths about gold as a natural element of great wonder, we lose our collective, common sense understanding of the natural world. This is no different than being told grass is not green or the sky is not blue, up is down, and right is wrong. We give in to language, psychology, and information, which, as we have already argued, discounts our individual abilities and action by forcing us into the order of merit inherent to the parasitic mode of cooperation. To reject gold is to reject nature. This disavowal is the leaven for the manipulation of docile minds to succumb to malicious forces of the service economy.

This observation illuminates the greatest virtue of gold, which is that it serves as a constant reminder that any attempt to explain away nature as settled and mastered is foolish. Whenever we observe a concerted effort by our thinkers and leaders to make such foolish claims, we know the true objective is to undermine our understanding and rootedness to nature for the purpose of mastering both men and nature.

With these insights before us, we may begin to make sense of various phenomena which undermine our collective common sense; from the onward march of the financialized internet - even in the face of collective disenfranchisement - to the hollowing out of our society by the service economy while the productive members of society grow helpless.

The real things produced by the real economy cannot be forced into the parasitic framework no matter how hard one tries to do so. Gold is merely one indicator, a common flag if you will, which reflects both the current level of power and the desire of the parasitic system in its unwavering movement towards further domination of the real. An attack on the flag is an attack on the unsung heroes, the silent ones who toil and produce for the benefit of all. For the hubris displayed by the parasitic system in attacking gold, the most unique of elements, prefigures an ability to attack anything produced by the real economy. Today it is gold, tomorrow it will be red meat, and next year it will be coffee. Anything which stands in the way of the parasitic system to further consolidate power over the real economy will ultimately be ruled contrary to the benefit of the power structure.

The vicissitudes of human reason and culture will ultimately play a role in whether an individual is attracted to or repelled by this truth about the real economy and its golden shield. In our current times, we see this vicious cycle on full display by the extent to which the parasitic system desires to manipulate real economic cooperators to serve the needs of the power structure.

Consequently, when a service economy aristocrat promotes an alternative monetary system while simultaneously attacking gold, know that he or she are merely expressing their parasitic ideals: existing without honest labour; increasing control over the real economy by manipulating the value of the contributions made by real economic participants; elevating thoughts, language, and psychology above human action; and placing the whole of society on the path of unsustainability while indulging in the foolish illusion that men have mastered the natural world.

### ***Conclusion***

In closing, I would like to thank all Goldmoney Inc. shareholders and countless stakeholders for their continued trust and support. I would also like to thank our executive team and colleagues for their outstanding performance this year especially: Paul Mennega, Alessandro Premoli, Steve Fray, Rachel Stonier, Serge Prostran, Will Felsky, and Renee Wei. I would also like to thank our board of directors led by James Turk who have supported this management team with the wisdom, guidance, and governance which has allowed our group to mature as a financial service business while retaining our entrepreneurial DNA to take risks and explore new concepts and ventures such as Totenpass and Menē.

Sincerely,

Roy Sebag  
Founder and Chief Executive Officer  
Goldmoney Inc.

### ***Forward-Looking Statements***

This shareholder letter contains or refers to certain forward-looking information often be identified by forward looking words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “may”, “potential” and “will” or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All information other than information regarding historical fact, which addresses activities, events or developments that the Goldmoney Inc. (the “Company”) believes, expects or anticipates will or may occur in the future, is forward looking information. Forward-looking information does not constitute historical fact but reflects the current expectations the Company regarding future results or events based on information that is currently available. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not occur. Such forward-looking information in this shareholder letter speak only as of the date hereof.

Forward-looking information in this shareholder letter includes, but is not limited to, statements with respect to the benefits of changes in strategy and the particular strategy which is being adopted or is being proposed and, growth of the Company’s business, expected results of operations, and the market for the Company’s products and services. This forward-looking information is based on reasonable assumptions and estimates of management of the Company at the time it was made, and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others: the ability to implement and manage strategic changes; and competitive conditions; volatility of precious metals prices, precious metals trading risks and the risks in holding precious metals as opposed to holding cash or investing in other asset categories; public interest in precious metals investment; and those risks set out in the Company’s most recently filed annual information form, available on SEDAR. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update or revise any forward-looking information, except as required by law. No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this shareholder letter.