

EUROPEAN BLOCKCHAIN HUB

Annual Report 2018

(DRAFT BEFORE EDITING)

March 29th - 2019, Ljubljana, Slovenia

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INTRODUCTION

On 4th of July the plan for EUBC HUB 2018 with the budget of 150.000 EUR for office operational costs was accepted and approved unanimously by Management Board members. EUBC HUB strengthened its activities in the field of advocacy and capacity building as described in the following report. EUBC HUB opened its office on October 5th 2018 with the extensive support of its founding Economic Premium Corporate partners BTC City and Eunex.

One of the main activities in 2018 was Europe – Asia tour which focused on Blockchain for Sustainable Development Goals. The whole tour started in September in Jakarta and finished in Kuala Lumpur on 13th January 2019. EUBC HUB was present in 9 Asian cities and 7 European cities. The whole tour finished in January 2019 with the Kuala Lumpur final Summit. All together we opened 19th Nodes during the Europe – Asia Tour which is a great success. Nevertheless we face challenges that we are working actively on overcoming them with all great support of active partners.

They are still pending invoices for the Europe – Asia tour to be paid for 2018 (invoice to sponsor issued but not payed yet) and for the attendance to the Kuala Lumpur Summit 2019. By the end of May when we will have an extraordinary Annual General Assembly the tour is planned to be closed and remaining all open pending invoices payed. All together for 2018 they are 28.167 EUR pending invoices and for 2019 the amount of 37.685 EUR. The invoice for sponsorship for the Tour was issued and is waiting to be paid. After that we can also successfully close the major project of EU BC HUB in the year of its foundation and in the beginning of 2019.

The EUBC HUB finished financial year with 202.482 EUR of income and 198.063 EUR of outcome. Total net business result for 2018 after tax on profit is 3.410 EUR. All together EU BC HUB was supposed to employ 7 people by the end of 2018. Even though having less people employed as planned, EUBC Hub realized its mission in the first year of operation and position itself as a recognized brand in Asia and many European countries. EUBC HUB will be in the process of consolidation in the first half of 2019 due to its fast expansion in 2019.

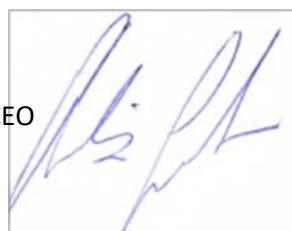
I am very proud of committed EUBC HUB staff and project leaders that worked hard in 2018. The same goes to stakeholders, partners, Nodes around the World and individual members.

After Europe – Asia tour will be closed and presented at the extraordinary General Assembly of the EU BC HUB we will be all proud of everyone involved and results achieved. The complex structure and different interest are able to bring about a common interest and create value for everyone involved in the process of development of Blockchain industry.

I am looking forward to moving ahead throughout 2019 together with the aim to bring about the successful development of Blockchain industry world-wide.

Sincerely,

Blaž Golob
President & CEO
EU BC HUB



European Blockchain Hub

1 About European Blockchain Hub

EUBC HUB is a Cooperative where community achieves integrity and wellbeing, shares experiences, collaborates on lessons learned and mutually facilitates responsible cross-border experimentation of new ideas.

It has been established in May 2018 in the capital city of Slovenia, Ljubljana. It's a non-profit organisation, supported by Slovenian government and creative, future-oriented premium corporations and enterprises. It aims to assess the emerging advanced technologies, including distributed ledger technologies and distribute the grass rooting knowledge and experience with Academia, Universities, associations and NGO's who share the same values.

Together we're keeping up with the SDG no. 17, creating partnership for the SDG's, so we all move towards the "purpose-driven and human-centric future in the digital age" together.

EUBC HUB has three **primary functions**:

- to **advocate** the development of Blockchain and DLT supporting digital entrepreneurship ecosystem (assessment of development of an international standards and smart regulations)
- to **provide capacity building** for blockchain through training and
- to **initiate blockchain projects** towards Sustainable Development Goals.

EUBC HUB **mission** is to create a community whereas EUBC HUB:

- Hosts regulators and policy-makers and raise the awareness about relevant legal applications, distribute and reaffirm trust
- Builds a network of well established blockchain communities, non-governmental organisations and associations to exchange the experiences
- Provides means to exposure and creates opportunities for our economic participants
- Creates a striving environment in which projects get a chance to present their idea and get credible investors
- Move blockchain technologies towards a faster and larger adoption.

Blockchain technology is a digital ledger that records value creation in a Transparent & Non-manipulated; Democratic & Decentralised and Safe & Trastfull way.

With keeping a definite record of transactions which provides trust & traceability the areas of value creation are in Financial sector – Cryptocurrencies; Supply chain; Energy & Different utilities sectors; Governance & Public services and in designing a new business models.

- 9th of May 2018 European Day – signing of letter of intent



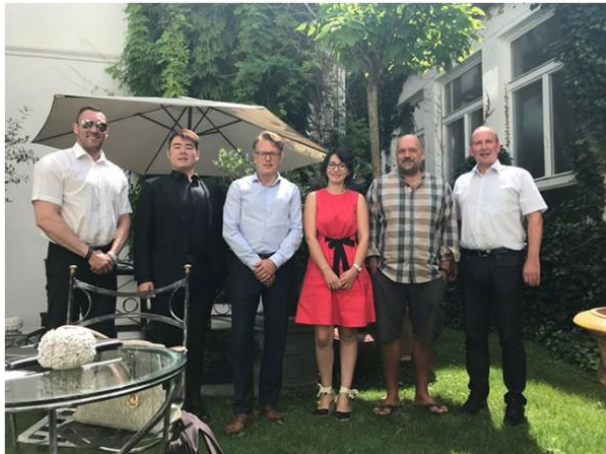
On May 9, the day of Europe, founding member signed a letter of intent on the establishment of the European Blockchain Hub. The signatories of the commitment to set up the European Blockchain Hub: BTC, Government of the Republic of Slovenia, Digital Innovation Hub, Blockchain Alliance Europe, Kenup Foundation, Adriatic Council, Consensys, COTRUGLI Business School replaced by Tolar HashNET from 1st September, Institute for Superior Digital Technology, Blockchain Lab: UM and others.

- 25th of May 2018 Foundation of Co-operative – Ljubljana:



All participants of the General Assembly of the European Blockchain Hub Cooperative in front of the statute of Europe in BTC City Ljubljana Slovenia.

- 5th of July 2018 1st Management Board meeting – Ljubljana



Mark Kalin, Rex Yeap, Blaž Golob, Emilija Stojmenova Duh, Zenel Batagelj and Tadej Slapnik

21st of July 2018 Foundation of the Asian Node – Kuala Lumpur:

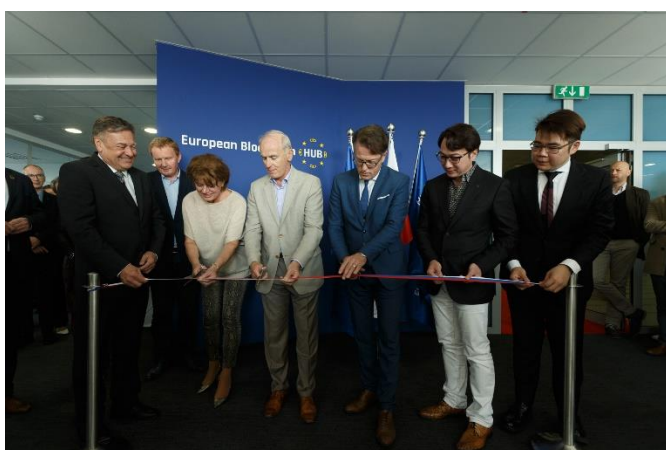


The European Blockchain Hub launched its Asia's node; Asia Blockchain Hub in Malaysia on 21 July, 2018 – as part of its expansion in the Blockchain industry spanning across Europe and Asia. To commemorate the big leap forward into the Blockchain industry – Asia Blockchain Hub commenced its first giant step by organising the Euro-Asia Blockchain Press Conference and the Euro-Asia Blockchain Forum in partnership with European Blockchain Hub. Signing of Memorandum of Understanding (MoU) between seven members of the Asia Blockchain Hub; Rex Yeap, Jeff Chin – CEO & Co-Founder of World Of Sharing (WOS), Simon Stephen – Co-Founder of MOGU, Jay Low – CEO of Total Go, Dr. George So – Founding Chairman of Guangdong-Hong Kong-Macao Bay Area Economic & Trade Association, Sunny Zhao – Vice President of International Blockchain Research Club (IBRC) and Eddy Virgo Ng – Ambassador & Chairman of Medan-Penang Sister City Association.

- 5th of October 2018 European Blockchain Hub Opening of the Office – Ljubljana, BTC City



5th October 2018, marked the official opening of the European Blockchain HUB (EUBC HUB), in the BTC City Center premisses, in Ljubljana, Slovenia. Over a hundred guests from all around the world, including partners, supporting organizations' representatives, experts in the field, stakeholders, as well as curious visitors, attended the opening.



The opening of the Hub has been welcomed by Mr Zoran Janković, the mayor of the City of Ljubljana himself. Janković expressed his excitement and pleasure for putting Ljubljana, the most beautiful city in the world, in the center of conversation and action around emerging technologies, such as the blockchain.

1.1 Cooperative

EUBC HUB as a cooperative is a non-profit organization whose owners are its members, who manage and supervise it democratically. The members of the EUBC HUB may be legal entities or natural persons who have associated voluntarily to satisfy their economic, social, cultural and other needs. The **standard membership model** grants individuals and legal entities specific amount of cooperative's shares accompanied with the voting rights.

EUBC HUB is an independent organization established to increase the advantages of stakeholders in blockchain technology and the distributed economy, thus also increasing the advantages of Europe

and beyond. EUBC HUB is supported by the European Commission (EC). We operate under advocacy groups and partner with the United Nations Development Programme (UNDP) by building a better future on achieving the Sustainable Development Goals (SDGs) in the blockchain industry.



VISION

To become the
leading global multistakeholder platform
that supports successful development of
blockchain technologies.



MISSION

We
advocate blockchain development,
enforce capacity building,
and **design** projects of common interest
based on principles of good governance.

All members are granted their shares and decision-making position when their Admission to Membership is confirmed by the President of the Cooperative and a membership fee promptly received. First membership fee is therefore regarded as an affirmation and cooperative share accession. Membership fee as a contribution to European Blockchain Hub renews each year and does not affect the number or value of a share.

All members of the Cooperative provide their membership fee on a yearly basis. Each member will be personally reminded 14 days before their membership renewal period begins. For Cooperative partnerships membership renewal period begins with 1st of January each year.

1.2 Principles (7 Governance Principles)

EUBC HUB 7 GOVERNANCE PRINCIPLES:

1. Concern for Community (realization of Sustainable Development Goals - SDGs)
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Skill Acquisition and Access to Information
6. Cooperation among Cooperatives
7. Voluntary and Open Membership

SUSTAINABLE DEVELOPMENT GOALS



1.3 Structure of EUBC HUB

EUBC HUB structure is as follows:

1. EUBC HUB consists primarily of its **Members**.
2. Members can be individuals as well as legal entities.
3. The EUBC HUB governance structure is organised around Members which form **General Assembly; Management Board; Advisory Board; Nodes and their Chair persons**, as represented in the schematic below:

EUBC HUB GOVERNANCE STRUCTURE

PRESIDENT OF THE COOPERATIVE

GENERAL ASSEMBLY

MANAGEMENT BOARD

ADVISORY BOARD

SUPERVISORY BOARD

EUBC HUB MEMBERS = GENERAL ASSEMBLY

Purpose: Set up EUBC HUB Strategy and oversee all activities.

Individuals + Legal Entities

1.3.1 Management Board

In 2018 were four Management Board Meetings.

Blaž Golob

President and CEO

Rex Yeap Zong Xin

Eunex

President of the Management Board

Zenel Batagelj

Cofound.it

Vice President of the Management Board

Emilija Stojmenova Duh

Digital Innovation Hub

Management Board Member

Dato'Rey Gan

BS - Asia BC Hub

Management Board Member

Mark Kalin

BTC City

Management Board Membe

Holm Keller

KENUP

Management Board Member

Tanja Bivic

BC alliance Europe

Management Board Member

Gregor Novak

SunContract

Management Board Member

Tadej Slapnik

Director at Tolar Hashnet Slovenia

Chairman of the Advisory Board

1.3.2 Advisory Board

In 2018 were two Advisory Meetings.

Tadej Slapnik

Director at Tolar Hashnet Slovenia

Chairman of the Advisory Board

Klemen Rupnik

Blockchain Association

Advisory Board Member

Alwin Tan Hee Nam

Asia Blockchain Hub

Advisory Board Member

Denis Avrillionis

Compelio Luxemburg

Advisory Board Member

Branko Krsmanović

Young Ambassadors Niš

Advisory Board Member

Mojca Bajec

SunContract

Advisory Board Member

Nena Dokuzov

Ministry of Economic Development and Technology

Advisory Board Member

Jure Tomc

JT Business Development Limited

Advisory Board Member

Jelena Madir

EBRD

Advisory Board Member

1.3.3 Supervisory Board

1. Peter Vrtič, European BC lab, Supervisory Board Member
2. Stephanie E. Trpkov. WB. Supervisory Board Member
3. Primož Poklič, Odvetniška pisarna Poklič, Supervisory Board Member

1.3.4. Network – Nodes

The following are the existing EUBC HUB nodes, with whom EUBC HUB has signed a MoU and/or Declaration:

1. Africa node
2. Asia node
3. Croatia node
4. Greater Bay Area node (linked cities: Hong Kong, Macau, Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen, and Zhaoqing)
5. Jakarta node
6. Luxembourg node
7. London node
8. Mauritius node
9. Macedonia node
10. Northern China node
11. Philippines node
12. Romania node
13. Serbia node
14. Slovenia node
15. South Korea node

16. Thailand node
17. Vietnam node
18. Vienna node
19. Zug node

EUBC HUB's nodes are formed on local (city), national (country), or regional level, which is clear from the name of the specific HUB. The exception is the World BC HUB, which is on the global level.

It is important and valuable to track the types of nodes in case of formation of new nodes within a country or region, or formation of more local (city) nodes - with the purpose for their community to be in connected and in collaboration with their activities and beyond. EUBC HUB empowers through activities, communication, and collaboration between its nodes and with them.

1.5 EUROPE – ASIA TOUR

We have visited and established national and regional Nodes in more than seven countries across Europe and 11 countries in Asia. New concepts have been created through research and innovation, and we take pride in supporting universities and academia as one of our most important pillars. Behind us, we have multiple curriculums designed and events organized with the aim to generate and share knowledge amongst different stakeholders, from premium companies, SMEs, NGOs, networks, representatives from public sector, and others.



Mr. Rex YEAP, Member of the Management Board of EU BC HUB and Director of the Euro- Asia Blockchain for Sustainable Development Goals

EUBC HUB facilitates high-level advocacy for creation and development of blockchain and emerging technologies. With the main aim to support the SDGs across multiple sectors worldwide we brought together all Nodes' Chairs to the final tour's event, the Summit, organised under the overarching theme, 'Unleash the potential: Blockchain for Sustainable Development Goals', in Kuala Lumpur in January, 2019.

The Summit in Kuala Lumpur has showed blockchain as technology for the future. Countries around the world came together in support of the EUBC HUB's mission to advocate for international adoption of blockchain technology for SDGs. In 2019, EUBC HUB and its Nodes across the world continue to make changes with blockchain technology, this time joining forces in order to accelerate the achievement of SDGs!

2 Activities

- Meeting with governments & regulators
- Setting up Nodes (Asia, South Korea, India, Hongkong)
- Attending events (UN NYC, EU, India Advantage Summit)
- Organising events (KL, Ljubljana Forum on future of Cities, Bangkok)
- Specialised courses

2.1 Advocacy

“We believe that blockchain technology could be an important tool for protecting and preserving humanity and the rights of every human being, a means of communicating the truth, distributing prosperity, and—as the network rejects the fraudulent transactions—of rejecting those early cancerous cells from a society that can grow into the unthinkable.”

- Don Tapscott, Blockchain Revolution

The underlying technology is new and carries huge potential. Aspired to achieve this prospectus future, we need to acknowledge the following challenges:

- (1) current consensus protocols are not yet ready for mass adoption as the technology is not capable of scaling and carrying millions of transactions per second, and
- (2) technical solutions are not neutral.

These trivial tasks recently gained a lot of attention within crypto communities and are based on a shared understanding that concepts and systems we design always reflect creator's attitude, mindset and social standing. We're recognising numerous communities dealing with the issue of social goods, sustainability and regulation referring to distributed ledger technologies.

EUBC HUB advocated intensely for the development of advanced technology towards the realisation of Sustainable Development Goals (SDGs), recognised by the United Nations. We seek to find, encourage and create communities to foster development of distributed ledger technologies in a human-centric and purpose-driven manner.

Our prominent members, economic participants and representatives exchange their experience and are partnering for the SDG's, thus are keeping up with the SDG no. 17. This allows us to move towards the purpose-driven and human-centric future in the digital age together. Sophisticated discussions are being held for we might have tools to design systems that really make sense, that have societal impact and are changing the way we collaborate and distribute wealth for the better.



We need the crypto community to rally around what we've identified as crypto's killer app in the current stage of blockchain development and adoption. Our hope is that both can complement one another.

2. Capacity Building



EU BC HUB generates and distributes knowledge about Blockchain and emerging technologies. We create new concepts throughout open research & innovation. We design curriculums and organise events with the aim to generate & share knowledge.

▪ EU Asia Tour:

The Hub initiates, coordinates, and runs blockchain and emerging technologies projects of common interest of the cooperative stakeholders, members, and partners. Our membership is open to both individuals and legal entities. Work and expansion supported by stakeholders who care for sustainability and responsible adoption of advanced technologies.



Euro-Asia Blockchain Summit, 12 January 2019: International Blockchain experts assemble in Kuala Lumpur at the largest Euro-Asia Blockchain Summit in 2019

- **Blockchain Meet up - Feel The Future – Celje**



19 October 2018. The EU Blockchain meetup: Blockchain for Sustainable Development Goals at the 'Feel the future' trade fair for innovative digital solutions in Celje, Slovenia.

- **Ljubljana Forum – European City & Blockchain**

4-5 October 2018. The eight Ljubljana Forum on Future of Cities. Focus on European city as sustainable, smart, and inclusive city, as we approach the 2019 European Union elections, new financial perspective 2030, and reinforcement of the EU Urban agenda. The Forum main objectives are to connect, enable, and encourage good practice classes and cooperation among different stakeholders and in 2018 the first time new emerging technologies, such as blockchain supporting different pillars of Smart City development.



Mr Rex Yeap, director Blockchain for SDGs tour for the European Blockchain HUB

▪ **Debating Blockchain and Cybersecurity – Ljubljana**

The 'Blockchain Talk: Cybersecurity' debate took place on Tuesday, 6th November 2018, in European Blockchain Hub, Ljubljana, Slovenia. It was organised by the European Blockchain Hub (EU BC HUB) in cooperation with the Embassy of the United States of America (USA) in Slovenia.



As a special guest, Mr Yaya J. Fanusie, director of analysis for Foundation of Defense of Democracies (DFF) Centre on Sanctions and Illicit Finance (CSIF) and expert on blockchain and cybersecurity, joined the debate. Fanusie's research focuses on national security implications of cryptocurrencies and blockchain technology.

2.3 Projects

To initiate, coordinate & execute HUBs projects of common interest based on principles of good governance.

3 Office operation

EUBC HUB members and partners are taken care by the operational team consisting of 4 employees. Besides employing 4 people, EUBC HUB renovated the offices on 6th floor of the skyscraper offered by the BTC City and made room for the extravagant artist known under the name Miha Murn.

The office serves as a co-working space consisting of 6 separated offices and two meeting rooms. The whole space is equipped with fast and free WiFi access, glass boards for collaborative writings and other amenities for hosting meetings. Office is also equipped with a kitchen for self-service. Going above and beyond, our secretary will always keep track and take care of newcomers and visitors, offering them a welcome coffee and drinks.

Currently the evidence is still held in a physical form, a digital transcript is being made manually.

Apart from the office rooms provided to EUBC HUB director and employees, all rooms may be reserved and open to EUBC HUB members as this is one of the membership benefits.

The office is officially opened during the week between 9am and 5pm and provides wonderful view on Slovenian Alps as well as the landscape around BTC. It can be easily accessed from the city centre of Ljubljana and is only 20 min drive away from the Ljubljana International Airport. In 2018 office held numerous events and opened the door to internationally recognized speakers and panels (see Capacity Building Report above). It has been place of signature to many treaties and our partners have already closed several deals which further confirms the EUBC HUB cooperative spirit.

4 Finance for 2018

Financial report 2018

INCOME		OUTCOME	
CAPACITY BUILDING	123.219,94	WAGE COSTS	57.215,66
Tour sponsors:	113.219,94	Salaries	47.132,98
Relianz	44.177,42	Regres, transport expenses, other costs	2.494,28
Relianz LMT	8.794,30	Wage taxes, social ensurance, pension ensuran	7.588,40
iPower (Suncontract)	12.295,08	PROMOTION, SHOWS, REPRESENTATION	7.900,98
STO (Slovenian Tourist Org.)	3.279,00	Shows	2.411,98
WOS	44.674,14	Promotion	2.511,11
Events	10.000,00	Representation	2.977,89
MGRT (Celje Meet up)	10.000,00	OFFICE SMALL INVENTORY	1.039,50
MEMBERSHIP	75.100,00	DEPRECIATION EXPENSES INVENTORY	140,03
Economic participation (3):	72.000,00	RENT	5.884,37
BTC	25.000,00	BANK CHARGES AND SERVICES	444,92
iPower (Suncontract)	22.000,00	OPERATING COSTS	23.992,18
Eunex - E	25.000,00	Office material	534,55
Legal entities (3)	1.500,00	Other personnel expenses, decoration	301,30
Individuals (16)	1.600,00	Services	217,95
OTHER FINANCIAL INCOME	4.597,30	Transport	2.598,40
recieved retribution, interest		Mail expenses	53,68
reimbursment for accommodation		Employee travel expenses	3.196,34
EXCHANGE RATE DIFFERENCES	-435,07	Intellectual and personal services	6.525,07
		Other services	10.564,89
		EU ASIA TOUR	101.446,02
TOTAL INCOME	202.482,17 €	TOTAL OUTCOME	198.063,66 €
PROFIT = 4.418,51 €			
TAX ON PROFIT = 1.008,01 €			
NET BUSINESS RESULT = 3.410,50 €			