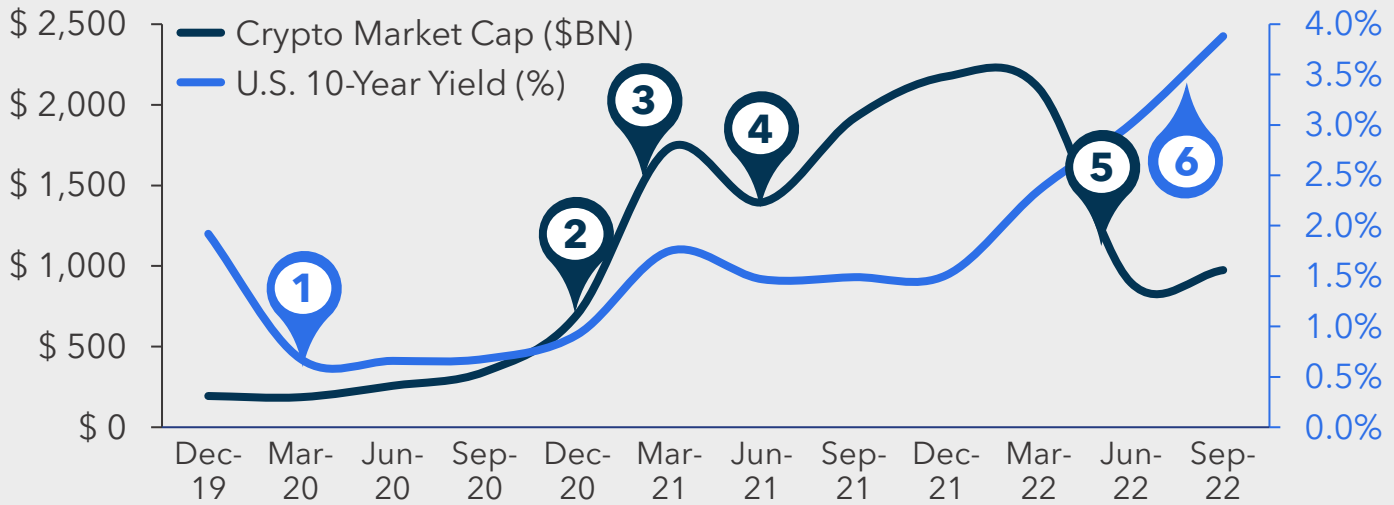


Crypto Boom, Bust & Usage 2022 Update

1 TOTAL CRYPTOCURRENCY MARKET CAPITALIZATION VS. U.S. 10 YEAR T-NOTE INTEREST RATES



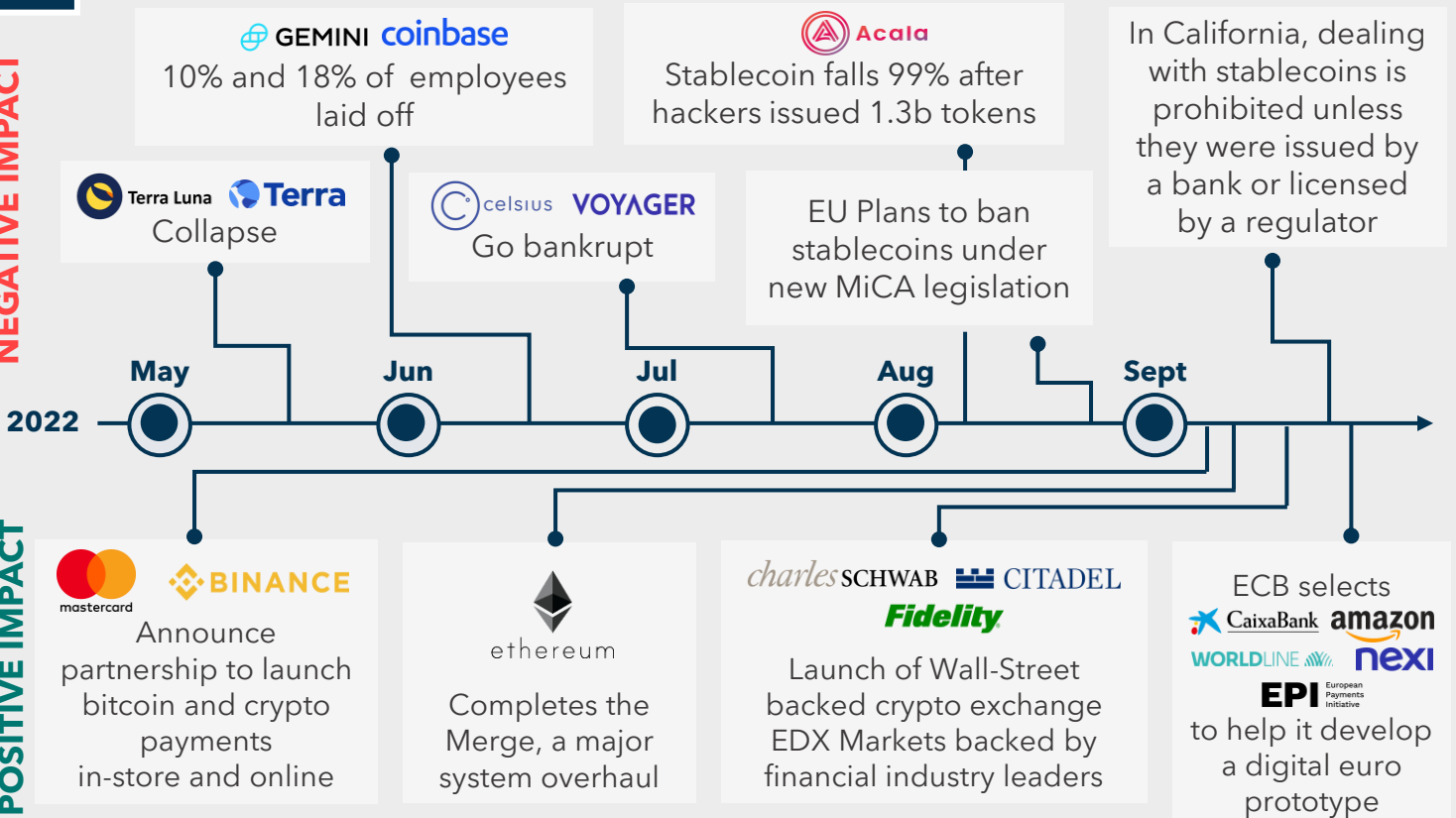
- 1 The pandemic led central banks to lower interest rates
- 2 Publicly traded companies began to convert cash in their treasuries to Bitcoin as a store of value
- 3 Bitcoin surpassed \$1 trillion in market cap, representing 63% of the total crypto market
- 4 El Salvador adopted Bitcoin as legal tender
- 5 On May 13th, crypto market cap lost \$200 mil. in one day
- 6 Fed increased interest rates by 0.75% for the second consecutive time to fight inflation

Source: CoinMarketCap, MarketWatch

2 SELECT RECENT EVENTS IN CRYPTO

NEGATIVE IMPACT

POSITIVE IMPACT



Source: Flagship Advisory Partners

Crypto Boom, Bust & Usage 2022 Update

3 RECENT TRENDS IN CRYPTO COMMERCE & PAYMENTS

1 Fintechs Continue to Push Crypto in Emerging Markets



- In September, **Ripple and Travelex Bank** partnered to introduce **crypto-enabled payments** in Brazil
- In July, fintech **PicPay** announced its plans to **launch a crypto exchange** and a Brazilian real-tied stablecoin in 2022

2 Traditional PSPs Embrace Stablecoins and Crypto Pay-outs



- In June, **Checkout.com** announced a stablecoin settlement solution, initially supporting USDC
- In August, the company also stated that it is developing a **new crypto pay-out tool** that would allow workers to receive their salaries in crypto
- In April, **Worldpay** announced that it would start **offering USDC settlements** to its merchants

3 Mainstream Merchants Continue to Expand Crypto Acceptance



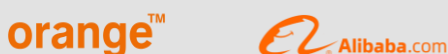
- In July, **Chipotle** began **accepting crypto payments** through a Flexa-enabled app, a digital payments platform supporting 98 digital currencies
- In September, **Starbucks** announced an **NFT-based loyalty program** that will be utilizing Polygon's proof-of-stake network to operate
- In September, The Five-star hotel **Palazzo Versace Dubai** started **accepting cryptocurrencies as a payment method** for stay, dining, and spa services

4 CBDCs Continue to Appeal, While NFTs Slip



- As of September, more than half of the world's **central banks** are exploring or **developing digital currencies (CBDCs)**
- In January, **Sega** abandoned plans to **embrace NFTs** following "negative reactions" from gamers
- In April, **Ubisoft** ended its **NFT experiment** in Ghost Recon Breakpoint

5 Merchants Moving Into the Metaverse And Web 3.0



- In September, **Alibaba Group** announced a **luxury shopping experience in the metaverse** via its Tmall Luxury Pavilion platform
- In September, **Orange Spain** claimed to be the first company in the market to **open a commercial space in the metaverse**

Source: Flagship Advisory Partners

by Anupam Majumdar and Pedro Giesta, 28 September 2022

Infographic: Crypto Boom, Bust and Usage

Observations on Crypto

- Global crypto markets, which boomed during the COVID-19 pandemic, rapidly crashed during the last 6 months (55% erosion of market cap)
- The current macroeconomic environment of rising interest rates, changes in crypto regulations, rising energy prices, and recent failures of stablecoins (Luna-Terra crash) have collectively contributed to a rapid erosion of the crypto market cap
- On the flip side, we continue to see several global merchants and financial services firms testing markets with new crypto commerce use cases and pilots
- CBDCs continue to stay relevant as disruptive form factors for digital commerce
- Metaverse and Web 3.0 platforms are gaining prominence with leading brands, and crypto is the preferred payment method in these two environments
- Despite near-term challenges, payments and fintech players continue to invest in crypto due to its long-term strategic importance

Please do not hesitate to contact Anupam Majumdar at Anupam@FlagshipAP.com or Pedro Giesta at Pedro@FlagshipAP.com with comments or questions.