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Part I – Report Overview

ITEM 1. Disclaimers, Disclosures and Notes

Introduction

These financial statements were prepared by Cowrie – Administrator Services LLC, which has been authorized as a member of the Syndicate Network Collective ("SNC") to perform a variety of administrative responsibilities, including the preparation of quarterly and annual financial statements in support of quarterly tax updates.

The Quarterly Financial Statements ("**QFS**") for SNC for the Quarter ended September 30, 2025 also includes the calculation of estimated U.S. federal income tax liabilities, conducted in accordance with the current standards, rules, and interpretive guidance under the Internal Revenue Code ("**IRC**") and relevant US Treasury regulations.

Purpose and Basis of Presentation

The preparation of these financial statements is guided by a primary objective: to analyze the financial activities of SNC with the express intent of estimating its potential U.S. federal and state income tax obligations. The QFS were not prepared under Generally Accepted Accounting Principles ("**GAAP**"). Rather, Administrator Services has selectively employed GAAP-informed principles and valuation methodologies where necessary to ensure internal consistency, defensible estimations, and analytical rigor. Please refer to the **ITEM 3. Accounting and Tax Policy** section below for further discussion.

These statements do not fall under the purview of AR-C Section 70 of the AICPA Code of Professional Conduct, which governs the preparation of financial statements, as the preparation is auxiliary to our core tax engagement services. Likewise, AR-C Section 80 and AR-C Section 90 do not apply because we are not performing compilation or review services, respectively.

It is essential to emphasize that these financial statements are exclusively intended for SNC's internal use and limited to the specific purposes outlined above. The methodology and scope of this report are tailored to the unique operational characteristics and decentralized governance model of the entity. Furthermore, while SNC has influence over certain structural parameters of the Syndicate Network (the "**Protocol**"), it does not exert ownership or managerial control. Accordingly, the financial results and associated tax estimates presented here do not include or reflect broader financial activities occurring at the protocol layer or among unrelated stakeholders in the broader Syndicate ecosystem.

Source of Financial Data

The decentralized nature of SNC imposes distinct challenges with respect to the sourcing and consolidation of financial data. Unlike traditional enterprises that maintain centralized financial systems, there is no internal finance department. Accordingly, Administrator Services compiled financial data exclusively from blockchain transaction records associated with DUNA-controlled wallets ("**Treasury Wallets**") and from offchain transactions executed under the scope authorized by SNC (e.g., vendor payments, tax payments, interest earned on bank account balance).

Nature and Limitations of the Financial Statements

The QFS prepared herein do not constitute audited financial statements and do not purport to meet the disclosure or presentation requirements applicable under SEC rules or AICPA and PCAOB audit standards. These financial statements have not undergone an audit or review by an independent third party. Administrator Services is not an accounting firm and cannot guarantee the absence of material misstatements.

Accordingly, these financial statements should not be relied upon to detect misstatements, irregularities, fraud, or noncompliance with applicable laws and regulations. The absence of a centralized control environment and the pseudonymous nature of blockchain transactions mean that financial reporting under a DUNA model is subject to novel risks, including incomplete records, classification uncertainty, and data omissions.

It is essential that users of these financial statements exercise discretion and interpret the contents as a best-effort, good-faith, and methodologically sound approximation of SNC's financial activity within the defined reporting period. These statements should not be regarded as comprehensive or verified financial records. They are not a substitute for independently audited financial statements and are provided without any warranties, express or implied, as to their completeness or accuracy.

ITEM 2. Syndicate Network Collective DUNA

Syndicate Network Collective DUNA Overview

Syndicate Network Collective ("SNC") is the membership body comprised of participating governance tokenholders with governance rights over the SYND tokens held in the SNC Treasury and governance of the SNC. SNC was initially organized as a WY Unincorporated Nonprofit Association ("UNA") on July 10, 2025 and operated as a three-member entity prior to token distribution, at which point it transitioned to a WY Decentralized Unincorporated Nonprofit Association ("DUNA") on September 17, 2025 once the 100-member threshold was met and transferability of the SYND token was released.

Membership in the DUNA results from holding SYND and actively participating (e.g., voting, delegating, submitting proposals, or staking); mere token ownership without participation does not constitute membership.

Members do not own SNC's property and per-capita distributions are prohibited other than upon windup and dissolution.

The SNC's mailing address is:

Syndicate Network Collective
3306 Kelley Drive
Suite 1104
Cheyenne, WY 82001

Tax Election

Upon formation, Administrator Services filed Form 8832 with the IRS to elect classification of SNC as a C Corporation for U.S. income tax purposes and obtained an Employer Identification Number.

As a C Corporation, SNC's operations are taxed at the standard 21% US federal income tax rate for corporations. SNC has not elected to be treated as a tax-exempt entity under section 501(c) of the Internal Revenue Code.

Tax Reporting

The DUNA does not require member listings to be maintained, however – recipients of any outbound disposition from the SNC Treasury must comply with relevant tax reporting requirements.

Treasury and Ecosystem Funding

As of September 30, 2025, the SNC Treasury contains 267,162,157 SYND tokens.

The use of the SNC Treasury is determined by the Association's governing principles, which provide token governance procedures for submitting and approving proposals, as well as voting and membership.

Syndicate Network

The Syndicate Network is a protocol and software stack that provides the infrastructure for building application-specific blockchains ("appchains") that use programmable, onchain sequencers. The design goal is to give applications and their tokenized communities full control for how transactions are accepted, priced, ordered and governed, with final settlement occurring on established public chains such as Base and Ethereum. In doing so, the Syndicate Network provides an essential tool for decentralized communities to focus on product and community through utilization of existing infrastructure.

The SYND token functions as the native gas token for the Syndicate Network and Commons Chain (i.e., the network instance and reference deployment that serves as the staking and emissions hub for the Syndicate Network), aligning incentives among developers, users and the governance.

Additionally, the SYND token provides the mechanism for membership in the SNC DUNA, as holders are able to participate in governance decisions around the functionality of existing protocol parameters and to vote on how the SYND token contained in the SNC Treasury is utilized to support reliability, security and ecosystem growth for the Syndicate Network.

ITEM 3. Accounting and Tax Policy

Overview of Accounting and Tax Policy Framework

Administrator Services prepared the special-purpose QFSs for SNC to evaluate its revenues and expenses with the ultimate objective of estimating potential U.S. federal and state income tax liabilities. This section outlines how SNC manages its financial reporting and tax obligations. The aim is to ensure a clear, consistent method for recognizing income and expenses, ultimately to estimate potential U.S. federal and state tax liabilities.

An accounting method is the set of rules that determine when and how income and expenses are recognized on financial statements and tax returns. An entity can use different methods for financial book vs. tax purposes (e.g. accrual for financial statements, cash for taxes), but whichever methods are chosen must clearly reflect income and be applied consistently year to year. Once an entity adopts a method, it must continue with it in subsequent years barring a justified change. In SNC's case, both financial reporting and tax reporting use the accrual basis, as detailed below.

Financial Reporting Approach: Accrual Method

SNC uses the accrual method of accounting for its financial statements. This provides a more accurate and comprehensive view of the DUNA's financial situation by recognizing revenues when earned and expenses when incurred, regardless of when cash is actually transferred. Under accrual accounting, unrealized gains and losses on Designated Tokens (defined below) are recognized, and deferred tax assets/liabilities are recorded for timing differences between book and tax treatments. This approach ensures the financial statements capture the full economic activity, not just cash flows. For example, if the SYND tokens held in the SNC Treasury appreciate during the period, that unrealized gain is reflected in the book financial statements (with a corresponding deferred tax liability for the expected taxable gain in the future).

Tax Reporting Approach: Accrual Method

For U.S. income tax purposes, SNC also reports on an accrual basis. Under IRC §446, taxpayers are generally allowed to use the method of accounting they use for their own books (cash, accrual, or other) so long as it clearly reflects income.

Under an accrual method of accounting, income and expenses are reported based on when they are earned or incurred, not when cash changes hands. In plain terms, this means an accrual-basis taxpayer generally reports income in the tax year it is earned (regardless of when payment is received) and deducts expenses in the tax year when the liability is incurred (regardless of when payment is made). This approach differs from the cash method and is grounded in specific tax rules (primarily IRC § 451 for income and IRC § 461 for expenses) that ensure revenue and corresponding expenses are matched to the correct period.

Income recognition (all-events test)

For tax purposes, IRC § 451 and the related regulations require that an accrual-method taxpayer recognize income once the "all-events test" is met. This test is satisfied when all events have occurred that fix the right to receive the income, and the amount can be determined with reasonable accuracy. In practice, this generally means income is considered at the earliest of the following: (1) when the required performance or service has been provided (i.e. the earnings process is complete), (2) when payment is due from the customer, or (3) when payment is actually received – whichever occurs first. By following this rule, taxpayers ensure that revenue is reported in the correct period (for example, if the DUNA earns fees or rewards in Year X, it must include them in Year X's income even if the cash is received later). This approach is consistent with tax authority guidance and case law enforcing early recognition once the right to income is fixed.

Expense recognition (liability and economic performance)

On the expense side, accrual-method taxpayers deduct or accrue expenses when the liability is incurred, which similarly hinges on an all-events test plus an economic performance requirement. In simple terms, a business may deduct an expense only after: (1) all events have occurred that establish the fact of the liability, (2) the amount of the liability can be determined with reasonable accuracy, and (3) economic performance has occurred with respect to that liability. Economic performance means that the underlying goods or services tied to the liability have been provided – in other words, the obligation has been "performed" either by the other party or by us, as applicable. For example, if the DUNA owes a vendor for services, the expense would be accrued in the year the vendor provides those services (fulfilling our liability), even if the payment is issued later. Only once an obligation is fixed and the service or product has been delivered (or used) is economic performance met, and the expense is incurred for tax purposes. This rule, found in IRC § 461(h) and related Treasury regulations, ensures that deductions are not taken too early. The DUNA cannot deduct a cost until it is firmly attached to a completed transaction or service.

Revenue and Income Recognition

SNC recognizes income from all sources including digital asset transactions in the year the income is earned, due or becomes available. This policy applies equally to financial statements and tax filings. However, a key exception involves unsolicited tokens received in DUNA-controlled wallets. In the digital asset ecosystem, it is common for unknown third parties to unilaterally send tokens, whether valuable or worthless, to publicly known wallet addresses, including those under SNC's control. These transfers occur without the recipient's consent and cannot be refused at the protocol level. This means the DUNA might passively receive tokens it never intended to hold.

To mitigate the risk of unintended income tax exposure, unsolicited transfers do not constitute income to the SNC when received as a matter of policy.

This formal policy means that only tokens which the SNC has intentionally and willfully transacted (termed "**Designated Tokens**") will be recognized in the accounting records. As of September 30, 2025, SYND (the Protocol's governance token) was the only Designated Token under this definition. Any other tokens sent to the Treasury Wallets by unknown parties are ignored in the financial reports and tax computations, as they were neither solicited nor used by the DUNA. Unsolicited Designated Tokens, such as SYND sent to the Treasury Wallet by unassociated third parties, will not be included in accounting records.

Accounting for Income from Airdrops

Airdrops refer to token distribution events initiated by blockchain protocol or token projects, where tokens are allocated, typically free of charge, to select wallet addresses. These events often serve as go-to-market strategies designed to drive user adoption, decentralize ownership, reward early supporters, or stimulate onchain activity.

If SNC actively solicits or consents to receive an airdropped token (for instance, as part of a partnership or application for a distribution), and subsequently does receive those tokens, then the fair market value ("**FMV**") of the tokens at receipt will be recognized as ordinary income for U.S. tax purposes and as revenue in the DUNA's financial statements. The FMV is determined at the time of receipt using the spot market price for the token multiplied by the quantity received. This treatment complies with U.S. tax regulations (income is recognized when you have dominion and control over assets received) and ensures the financial statements reflect all earned resources.

Notably, this recognition occurs regardless of whether the DUNA immediately liquidates the airdropped tokens or holds them, and irrespective of subsequent price fluctuations. The full value at receipt is counted as income.

This policy on airdrops applies to both tax and book accounting, following IRS guidelines by treating airdropped tokens as income at the time they become the DUNA's property.

SYND Disbursement Under Governance Consensus

One of the key functions of SNC is to support the ongoing development of the protocol and the broader Syndicate ecosystem. In alignment with its decentralized governance model, SNC governance proposals may authorize the disbursement of SYND tokens from the DUNA's Treasury to fund protocol development initiatives or broader ecosystem growth.

When such disbursements are approved, the required amount or number of tokens is transferred to an external party or vendor based on either the nominal amount or a specified token value as determined by SNC governance.

For U.S. federal income tax and financial reporting purposes, token disbursements from the DUNA's Treasury are treated as comprising two distinct tax accounting transactions:

- *Token Disposition*: The initial transaction is treated as a sale of the disbursed tokens upon transfer from the Treasury Wallets.
- *Expense Recognition*: The second transaction pertains to the accounting treatment of the resulting proceeds from the token disposition.

This two-step view is required because under U.S. tax law, cryptocurrencies are property, pursuant to IRS Notice 2014-21. Spending tokens is thus not just an expense; it triggers a disposition of an appreciated asset. Below we detail each component:

Token Disposition (Capital Gain/Loss on Token Transfers)

According to *IRS Notice 2014-21, 2014-16 I.R.B. 938*, cryptocurrencies are classified as property for U.S. federal income tax purposes. Accordingly, when SNC transfers out tokens from its treasury (e.g. sending SYND to a grant recipient), in exchange for property (including money) or services, it is treated as a taxable sale or exchange of those tokens at the market price at time and date of the transfer. Under IRC § 1001, the DUNA must calculate and recognize a capital gain or loss on that sale or exchange. The gain or loss is computed as follows:

Capital Gain = Gross Proceeds from Sale of Disbursed Tokens – Cost Basis of Tokens Sold

- *Gross Proceeds*: The value received for the tokens. In the context of a treasury disbursement, this is taken as the market price of the token at the time of the transfer multiplied by the number of tokens disbursed. Since no cash is received, SNC will treat the tokens' market value as the proceeds of a deemed sale.
- *Cost Basis*: The original value of those tokens to SNC. For initial SYND tokens minted and received in the DUNA treasury, the cost basis is the total number of SYND tokens deposited in the treasury multiplied by the FMV of each token determined by a valuation specialist in a token valuation report, for which ordinary income is being recognized during Q3 2025.

All such token dispositions are reported to the IRS (e.g. on Form 8949 and Schedule D of the corporate tax return) detailing the asset, date acquired, date disposed, proceeds, basis, and resulting gain or loss. From a financial reporting perspective, the act of disbursing tokens is similarly treated as realizing any built-in gain/loss on those tokens. This ensures the financial statements reflect the economic impact of using appreciated assets to fund expenses.

Expense Recognition (Use of Token Sale Proceeds)

The second part of the transaction is recording the expense for which the tokens were used. The accounting and tax treatment depends on what the expense relates to, which must be evaluated by the nature of each disbursement to determine the proper classification:

- If the expenditure is in furtherance of SNC's operational mission (development, community growth, etc.), it will generally be a business expense. For U.S. tax, most ordinary and necessary business expenses are deductible under IRC §162(a). For financial statements, it will be recorded as an expense in the appropriate category (e.g. "Grants expense" or "Legal expense").
- If the expenditure is of a type that is not deductible for tax, such as lobbying and political spending or payment of US federal income tax, then no tax deduction is taken even though it's recorded as an expense in the financial books.
- Each expense is considered on a case-by-case basis, but they fall into common categories. In the current reporting period, the primary use of funds was the general and administrative purposes.

Below we outline the major expense categories that SNC is expected to incur, with their typical tax treatment:

Major Expense Categories and Tax Treatment

Growth Awards

SNC's Growth Award program provides SYND or other resources to developers, researchers, community initiatives, or other recipients that contribute to either Syndicate Network's or SNC's growth and development.

Tax Treatment: Tokens disbursed as awards are treated as ordinary business expenses if they further the DUNA's operations. These are deductible under IRC §162(a) as they are aimed at maintaining or expanding the Syndicate Network ecosystem, which is the core purpose of the DUNA.

Financial Reporting: Recorded as "Grant expenses" on the income statement in the period they are approved and distributed.

General & Administrative (G&A)

G&A covers the day-to-day expense overhead of operating the DUNA. This includes routine expenses such as software subscriptions, governance administration, treasury custody management, accounting/bookkeeping services, coordinator stipends, governance tooling, compliance and treasury management services, etc. These are the routine costs of keeping SNC functional and are not tied to specific product development.

Tax Treatment: G&A expenses are deductible business expenses under IRC §162(a) as ordinary and necessary costs of operating the DUNA. Even as a nonprofit, the DUNA can deduct these operational costs since they directly support its activities.

Financial Reporting: Recorded as "General & Administrative Expenses" in the period incurred.

Legal

Legal expenses encompass costs for attorneys, legal filings, regulatory compliance, and any counsel retained to advise the DUNA. This includes fees for setting up the DUNA's legal structure, drafting contracts (e.g. grant agreements), obtaining regulatory advice, and any litigation or legal defense if it arises. Essentially, this is the budget for navigating laws and regulations, ensuring the DUNA's activities are lawful.

Tax Treatment: Legal and professional fees that are directly related to the DUNA's operations are deductible under IRC §162(a) as ordinary and necessary expenses. (An exception would be if any portion is for something non-deductible, but generally legal fees for business purposes are deductible.)

Financial Reporting: Recorded as "Legal Expenses" on the income statement.

Political Contributions & Lobbying

This category captures any spending aimed at influencing legislation, regulation, or public policy. It could include hiring lobbyists or advocacy firms, making donations to industry advocacy organizations, or funding grassroots campaigns to educate policymakers. Transparency is critical here because these expenses can be controversial and have special tax rules. These expenses are expected to be occasional and purpose-specific (not routine operations).

Tax Treatment: Not deductible. U.S. tax law expressly disallows deductions for lobbying and political expenditures (IRC §162(e)). If SNC spends treasury funds on lobbying efforts or political contributions, those costs cannot reduce its taxable income.

Financial Reporting: Recorded as "Lobbying Expense" or "Political Contribution" in the financial statements as an expense, which will reduce book income, but with a note that it is non-deductible for US tax purposes.

DUNA Operations

These are expenses related to running and compensating the committees of the DUNA. Although SNC is a decentralized community, certain limited authorizations of authority are formalized. For example, the DUNA may appoint a committee with authorizations defined by governance proposal. Operational costs could include salaries or stipends for committee members, auditors, or other agents that the DUNA engages to perform work.

Tax Treatment: These operational costs are deductible business expenses (IRC §162(a)), since they are ordinary and necessary for the DUNA to function. Paying people to execute the DUNA's decisions is a fundamental expense of running the organization.

Financial Reporting: Recorded as "DUNA Operations" or similar expense category in the financials.

Research & Development (R&D)

R&D expenses are investments in innovation, future growth, and major improvements to the Syndicate Network and ecosystem. This covers spending on developing new features or products, experimenting with upgrades, auditing new protocol versions, scalability research, and academic collaborations. Unlike routine maintenance, R&D is about building the future of Syndicate Network, work that may not have guaranteed success but could significantly advance the protocol if successful. SNC may fund internal committees or external developers/researchers to undertake such projects (often via grants).

Tax Treatment: Generally, R&D costs can be deductible as ordinary business expenses (or subject to special R&D capitalization rules under IRC §174).

Financial Reporting: Recorded as "Research & Development" or similar expense category in the financials.

Sales and Marketing

This category includes spending to promote Syndicate Network and grow its user base and community. Even a decentralized project benefits from outreach and marketing to drive adoption. These expenses can cover advertising campaigns, branding and design work, sponsorships of events or hackathons, community meetups, educational content creation, and programs to incentivize usage.

Tax Treatment: Marketing and promotional expenses are deductible under IRC §162(a) as ordinary business expenses. They are akin to advertising costs, which are routinely deductible.

Financial Reporting: Recorded as "Sales and Marketing Expenses" in the financial statements.

Security (Audits & Bug Bounties)

Security is paramount for a blockchain protocol. This category covers expenditures to ensure the security of Syndicate Network's smart contracts and infrastructure. It includes the cost of external security audits, code review engagements, ongoing monitoring services, and bug bounty programs to reward responsible disclosure of vulnerabilities. Essentially, any funds spent to identify, prevent, or mitigate security risks fall in this bucket.

Tax Treatment: Security expenses are deductible business expenses under IRC §162(a). They are ordinary and necessary costs of maintaining a secure protocol operation. Investing in audits and bounties is akin to an insurance or quality assurance expense for the business.

Financial Reporting: Recorded as "Security Expenses" or included under a broader engineering expense category in financial statements.

Income Taxes

For financial reporting purposes, Administrator Services records income tax provisions as follows:

- **Current Tax Liabilities/Assets:** Based on taxable income or loss for the year, the DUNA will estimate the federal and applicable state corporate income tax due for that year. A liability is recorded for taxes expected to be paid, or an asset if there are tax refunds due to overpayments or net operating losses that can be carried forward.
- **Deferred Tax Assets/Liabilities:** These reflect future tax impacts from temporary differences between book accounting and tax accounting. The primary source of temporary differences for SNC is likely unrealized gains or losses on Designated Tokens. For example, SNC's SYND treasury appreciated in value on the books (creating an unrealized gain that increased book income this period), but the US tax law does not tax that gain until the tokens are sold. This creates a deferred tax liability, which is a future tax due when the gain is realized from sale of the appreciated SYND tokens. Conversely, if the DUNA had an expense that is recognized now for book but only deductible later for tax, that would create a deferred tax asset (i.e., future tax savings). Administrator Services evaluates these differences each period and records deferred taxes accordingly.

The net effect is that the financial statements' income tax expense reflects both current taxes and deferred taxes. This gives a clearer picture of the DUNA's total tax position.

In addition, Administrator Services records federal and appliable state deferred tax assets or liabilities, as appropriate, to reflect estimated future tax effects arising from temporary differences - primarily those related to unrealized gains or losses on Designated Tokens.

U.S. tax law expressly disallows tax deductions for amounts paid for current federal income tax.

Balance Sheet Presentation

On the balance sheet, SNC's crypto assets are classified as marketable property. This classification is due to their high liquidity – SYND can be readily converted to cash at observable market prices. The treasury's tokens are reported at FMV as of the balance sheet date. Unrealized gains or losses from revaluing these tokens to fair value are recognized in the income statement each period. This is in line with accrual accounting and reflects economic reality, but it does create the deferred tax impacts mentioned above.

All Designated Tokens (currently just SYND) that the DUNA holds will appear as assets on the balance sheet. The SYND tokens held within the treasury are a significant asset – the SNC treasury holds roughly $138.4 million in SYND as of September 30, 2025 which are subject to market fluctuations. Using fair value accounting means the balance sheet always shows the latest market value of the treasury.

Fair Value of Designated Tokens

At each reporting date, Administrator Services determines the fair value of each Designated Token held in the DUNA's treasury. The carrying value of these tokens on the balance sheet is updated to the spot price as of the last second (23:59:59 Mountain Time) of the period multiplied by the quantity of tokens held.

Using observable spot prices ensures the valuation is objective and current. Any change in value from the previous period's valuation is recognized as an unrealized gain or loss in the income statement. If SYND's price rose during the quarter, the gain increases net income. If the price fell, an unrealized loss would reduce net income.

In summary, the balance sheet presentation provides a clear picture of the fair market value of SNC's token holdings by listing its treasury at fair value. The consistent fair value policy, combined with the accounting and tax policies above, provides transparency and accuracy in how SNC reports its financial position and performance. Each practice, from accrual accounting, to recognizing only designated tokens, to detailed expense categorization, is intended to support clear, conservative financial reporting and compliance with U.S. tax laws.

Part II - Financial Information

ITEM 4. Balance Sheet (*unaudited*) – For Informational Purposes Only

(in thousands of USD)

	As of September 30, 2025
Assets	
Current assets:	
Cash and cash equivalents	285
SYND tokens	138,448
Total current assets	138,733
Total assets	**138,733**
Liabilities	
Current liabilities:	
Accounts payable - Agora	(7)
Accrued expenses - Anchorage	(2)
Income tax payable	(82)
Total current liabilities	(91)
Non-current liabilities:	
Deferred tax liabilities	(29,050)
Total non-current liabilities	(29,050)
Total liabilities	**(29,141)**
Equity	
Retained earnings	(109,592)
Total equity	**(109,592)**
Total liabilities and equity	**(138,733)**

Assets:

As of September 30, 2025, SNC had $285 thousand in cash and 267 million SYND tokens, valued at $138.4 million.

Cash and cash equivalents include cash held in checking and money market accounts. The cash on hand is to be used to fund SNC's operating activities.

Liabilities:

As of September 30, 2025, SNC had $91 thousand in current liabilities (due within a year) and $29.1 million in non-current liabilities.

Current liabilities are comprised of $9 thousand of service payments due to vendors for token custody and governance management and $82 thousand due to the Internal Revenue Service (IRS) to cover estimated tax liabilities.

The non-current liabilities relate to deferred income tax on unrealized gains. SNC had $138.3 million in unrealized gain on the value of SYND token holdings in its treasury at September 30, 2025. This unrealized gain is excluded from the taxable income calculation because the appreciated tokens have not been sold by the DUNA. Applying the federal income tax rate of 21% to the unrealized gains results in deferred income tax of $29.1 million at September 30, 2025.

Equity:

Retained Earnings represent the cumulative net profits of SNC. Each period, they roll forward pursuant to the following formula: Beginning Retained Earnings + Net Income (or – Net Loss) = Ending Retained Earnings. For the current period, Beginning Retained Earnings are zero and Net Income is $109.6 million per **Item 5. Statement of Income**, so Ending Retained Earnings is also $109.6 million.

Vendor Purchase Obligations:

As of September 30, 2025, SNC has $288 thousand of unpaid purchase obligations to vendors; $180 thousand of this amount is for token custody services (3-year term), and $108 thousand of the amount is for governance management services (2-year term). These represent unpaid amounts due under contract with the respective vendors.

ITEM 5. Statement of Income (*unaudited*) – For Informational Purposes Only

(in thousands of USD)

	Three Months Ended September 30, 2025
Revenue	
Treasury receipt of SYND tokens	116
Other revenue	285
Total revenue	401
Net revenue	401
Expenses	
Operating expenses:	
General & administrative	(9)
Total operating expenses	(9)
Total expenses	(9)
Operating income/loss	392
Other income/expenses	
Unrealized gain/(loss)	138,332
Total other income/expenses	138,332
Pre-tax book income	138,724
Tax expenses	
Deferred income tax expenses	(29,050)
Current income tax expenses	(82)
Total tax expenses	(29,132)
Net Income (loss)	**109,592**

Summary of Operating Activities:

SNC realized $401 thousand in revenue through September 30, 2025: $116 thousand in SYND Tokens received in the DUNA Treasury post minting, and $285 thousand in receipts from Syndicate Labs (the protocol's developer company) to fund initial SNC operations.

Expenses during Q3 2025 total $8.8 thousand, which include $2 thousand for token custody service and $6.8 thousand for governance management services.

As noted above, SNC had unrealized gain of $138.3 million from increase in the value of SYND treasury tokens. This unrealized again is excluded from the taxable income calculation because the appreciated tokens have not been sold.

SNC's taxable income from operating activities through September 30, 2025 is $392.2 thousand: $401 thousand in realized revenue, less $8.8 thousand in expenses.

Income Taxes

Income taxes comprise current and deferred amounts.

Current income tax applies the 21% federal rate to current taxable income (realized income less deductible expenses). For SNC, taxable income of $392.2 thousand through September 30, 2025, yields estimated current income tax of approximately $82.4 thousand.

Deferred income tax reflects the expected tax on unrealized gains and is recognized when gains are realized in a future period when the appreciated SYND tokens are sold. SNC's $138.3 million of unrealized gains at September 30, 2025, implies deferred income tax of approximately $29 million at the 21% rate.

ITEM 6. Statement of Digital Assets (*unaudited*) – For Informational Purposes Only

(in thousands of tokens and USD)

Wallet ID	Designated Token	Beg. Bal. 07/01/2025	Current Period Additions	Current Period Reductions	Transfers	End. Bal. 09/30/2025	USD FMV	USD Cost Basis
B - DUNA Treasury: 0x8806146937476aa6dd95f0bf3b3707ee0e0529d8	SYND	-	-	-	267,162	267,162	$ 138,448	$ 116
A - Temporary Treasury: 0xaD3134A6Fb36bB9Bce784c91f9f6f70eB80c5F81	SYND	-	267,162	-	(267,162)	-	-	-
						267,162	138,448	116

anchorage digital

Account Holdings - DIGITAL ASSETS AND FIAT

Starting Account Holdings as of September 1, 2025

None

Ending Account Holdings as of September 30, 2025

Asset Type	Symbol	Quantity
Syndicate	SYND	267162157

Note:

The Statement of Digital Assets is a standardized, supplemental report that summarizes SNC's digital asset positions and activity. It rolls forward wallet token balances from the beginning of the period to the end of the period, and it also provides fair market value and cost basis figures by wallet. This information allows the reader to understand the potential tax consequences of future dispositions from the DUNA Treasury.

Links:

DUNA Treasury

Temporary Treasury

ITEM 7. Bank Account Reconciliation (*unaudited*) – For Informational Purposes Only

7/1/2025	**Bank Beginning Balance**	**$**	**-**
	Deposits and Additions:		
9/19/2025	Syndicate Inc.	$	285,000
	Withdrawals:	$	-
9/30/2025	**Bank Ending Balance**	**$**	**285,000**
9/30/2025	**GL Ending Balance**	**$**	**285,000**

cross river

Meow Technologies
www.crossriver.com
(201) 808-7000
885 Teaneck Road
Teaneck NJ 07666

Account Details

Primary Address: Syndicate Network Collective
3306 Kelley Drive
Suite 1104
Cheyenne WY 82001
US

Account Number: [redacted]

Statement of Account

Meow Technologies Checking

September 19, 2025 - September 30, 2025

Account Summary

Beginning Balance, as of September 19, 2025:		$0.00
Deposits and Other Credits:	+	$285,000.00
Withdrawals and Other Debits:	-	$0.00
Ending Balance, as of September 30, 2025:	=	**$285,000.00**

Post Date	Description	Amount	Balance
09/19/2025	Beginning Balance		$0.00
09/19/2025	Incoming Wire SYNDICATE INC. [redacted]	$285,000.00	$285,000.00
09/30/2025	Ending Balance		**$285,000.00**