

**Statement of Financial Position**  
for  
**Fidelity Exchange Traded Products GmbH**  
**Register court: Hamburg, HRB 168990**  
**Seat: Hamburg**  
as of  
30 June 2022

	Note	30 June 2022	31 December 2021
<b>ASSETS</b>		EUR	EUR
Current assets			
Non financial assets, designate in a fair value hedge	2.4	2.352.492,84	0,00
Trade and other receivables	2.5	12.454,63	0,00
Receivables from shareholders	2.5	35.000,00	35.000,00
Cash and cash equivalents	2.6	24.921,17	24.959,94
<b>Total current assets</b>		<b>2.424.868,64</b>	<b>59.959,94</b>
Prepaid expenses	2.7	9.393,15	5.245,45
<b>TOTAL ASSETS</b>		<b>2.434.261,79</b>	<b>65.205,39</b>
<b>SHAREHOLDERS` EQUITY</b>			
Share Capital		25.000,00	25.000,00
Capital reserve		35.000,00	35.000,00
Retained earnings		-85.871,05	-85.871,05
Net loss for the financial year		-147.818,27	0,00
<b>TOTAL SHAREHOLDERS` EQUITY</b>	5	<b>-173.689,32</b>	<b>-25.871,05</b>
<b>LIABILITIES</b>			
Current liabilities			
Financial liabilities valued at fair value	2.4	2.359.535,50	0,00
Liabilities to affiliated companies	2.8	187.362,17	0,00
Trade and other payables	2.9/6.1	17.915,94	59.838,94
Provisions	2.10/6.2	43.137,50	31.237,50
		<b>2.607.951,11</b>	<b>91.076,44</b>
<b>TOTAL LIABILITIES</b>		<b>2.607.951,11</b>	<b>91.076,44</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS` EQUITY</b>		<b>2.434.261,79</b>	<b>65.205,39</b>

## Statement of Comprehensive Income

	Note	From 01 January 2022 to 30 June 2022	From 15 July 2021 to 31 December 2021
		EUR	EUR
Revenue	2.11/6.3	12.454,63	0,00
Selling, General & Administrative Expenses	6.5	-160.272,90	-85.871,05
<b>OPERATING RESULT</b>		<b>-147.818,27</b>	<b>-85.871,05</b>
Loss for the period before tax		-147.818,27	-85.871,05
Income tax benefit/(expenses)		0,00	0,00
<b>LOSS FOR THE PERIOD AFTER TAX</b>		<b>-147.818,27</b>	<b>-85.871,05</b>

## Statement of Changes in Equity

	Issued capital	Capital reserve	Retained earnings/(ac cumulated losses)	Foreign currency translation reserve	Total Equity
	EUR	EUR	EUR	EUR	EUR
<b>Opening balance 01 January 2022</b>	<b>25.000,00</b>	<b>35.000,00</b>	<b>-85.871,05</b>	<b>0,00</b>	<b>-25.871,05</b>
Allocation to capital reserve	0,00	0,00	0,00	0,00	0,00
Net income/(loss) for the period	0,00	0,00	-147.818,27	0,00	-147.818,27
<b>Balance at 30 June 2022</b>	<b><u>25.000,00</u></b>	<b><u>35.000,00</u></b>	<b><u>-233.689,32</u></b>	<b><u>0,00</u></b>	<b><u>-173.689,32</u></b>

## Statement of Cash Flows

	Note	From 01 January 2022 to 30 June 2022
		EUR
<b>CASH FLOWS FROM OPERATIONS</b>		
Profit / (Loss) for the period before tax		-147.818,27
Changes in working capital		
(Decrease)/Increase in non financial assets		0,00
Decrease/(Increase) in trade receivables		-12.454,63
(Decrease)/Increase in provisions		11.900,00
Decrease/(Increase) in prepaid expenses		-4.147,70
(Decrease)/Increase in trade and other payables		145.089,17
<b>NET CASH FLOWS FROM OPERATIONS</b>		<b>-7.431,43</b>
<b>CASH FLOWS FROM FINANCING</b>		
Proceeds from issue of capital		0,00
cash in- and outflows		7.042,66
<b>NET CASH FLOWS FROM FINANCING</b>		<b>7.042,66</b>
Change in cash and cash equivalents		-388,77
Cash and cash equivalents at the beginning of the period		24.959,94
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE 30 June 2022</b>	<b>2.5</b>	<b>24.571,17</b>

## Notes to the interim Financial Statements for the period from 01 January 2022 to 30 June 2022

### Note 1 - Corporate information

Fidelity Exchange Traded Products GmbH (hereinafter the "Company") was incorporated on 15 July 2021 as a limited liability company in the commercial register of the local court of Hamburg. The Company is registered in the commercial register of the local court of Hamburg under HRB 168990. The Company's financial year begins on 1 January and ends on 31 December.

The Company's object is the management of its own assets. The Company holds assets for its own purpose, values them and manages them. The object of the Company is also EDP (electronic data processing) services as well as services with regard to virtual currencies, in particular the issue of exchange traded bonds which are secured by cryptocurrencies. The Company does not provide any financial services within the meaning of Section 1a of the German Banking Act (KWG) or engage in any other transactions requiring a license.

### Note 2 - Summary of significant accounting policies

#### 2.1 Basis of preparation and adoption of IFRS

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS", including IAS 34 (interim financial statements)) as adopted by the European Union, issued and effective as at June 30, 2022.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates.

#### New standards, interpretations and amendments to existing standards

The following standards, interpretation or amendments are issued by the IASB, but not yet effective and therefore the company did not apply.

New regulation	Effective for annual periods beginning on or after	In EU effective for annual periods beginning on or after	Company's assessment of the regulation
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Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	January 1, 2023	September 8, 2022	Assessment in progress
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Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	January 1, 2023	August 11, 2022	Assessment in progress
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Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	January 1, 2023	March 2, 2022	Assessment in progress
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Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	January 1, 2023	March 2, 2022	Assessment in progress
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	January 1, 2023	November 19, 2021	Assessment in progress
Amendments to IAS 1 Presentation of Financial Statements: <ul style="list-style-type: none"> <li>• Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);</li> <li>• Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and</li> <li>• Non-current Liabilities with Covenants (issued on 31 October 2022)</li> </ul>	January 1, 2024	December 22, 2022	Assessment in progress
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	January 1, 2024	November 10, 2022	Assessment in progress

## 2.2 Going concern

The interim financial statements were prepared on the assumption that the company would continue as a going concern. As of June 30, 2022, the company reported a negative equity of 173,689.32 Euro. The share capital amounting to EUR 25.000 has been fully paid in. In the shareholder meeting on 29 September 2021 the shareholder expressed the intention to contribute to the Company's capital reserve EUR 35.000. The amount has not been paid in and is accounted for as a receivable from the shareholder as of 31 December 2021.

The Company signed a loan agreement in 2021 with FIL Distributors International for EUR 70.000 to cover the deficit not covered by equity. The loan agreement contains terms of qualified subordination. The amount has been paid out in October 2022. It should be repaid when the Company generates annual surpluses and only to the extent that no overindebtedness or insolvency exists or threatens to arise.

FETP signed a loan agreement on 1 April 2022 and was provided with a EUR 275.000 facility to cover launch and ongoing expenses. FIL Investments International novated the the loan agreement to to FIL Distributors in 2022. The novation agreement replaced the Loan Agreement as at 1 April 2022. The drawdown facility remained unchanged. The loan agreement contains terms of qualified subordination. An amount of EUR 70.000 has been paid out in December 2022. It should be repaid when the Company generates annual surpluses and only to the extent that no overindebtedness or insolvency exists or threatens to arise.

An additional loan agreement is in the process of being drafted between FIL Distributors (FID) and Intertrust Nominees (Ireland) Limited and another between Intertrust Nominees (Ireland) Limited and FETP. The repayments will be up streamed, whenever FETP needs financing.

FIL Distributors issued a comfort letter dated 21 December 2022 showing its intent to support FETP if the Company's operations do not otherwise generate sufficient positive cash flow to continue its business activities. FID will continue to make available to the Company, directly or indirectly, the loan facility and further funding as required to fund operating deficits and provide working capital funds.

According to the sales plan Fidelity International intends to raise USD 500 mn split equally over the next three years, led by Wholesale in Germany, Switzerland, Italy and other countries as well as the European Institutional business, generating an expected profit contribution of approx. USD 2.5 mn p.a. over a three-year-period. The executive director has assessed the assumption of going concern and has not identified any events and/or circumstances leading to its rebutting.

## **2.3 Foreign currency translations**

These financial statements are presented in Euros ("EUR"), which is the reporting and functional currency of the company.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transactions which might comprise:

The average spot exchange rate (in accordance with IAS 21) for a given currency as determined by the European Central Bank ("ECB") as at the date preceding the date of transaction - in case of settlements of receivables and payables and other transactions, the actual spot rate applied as at this date resulting from the type of transaction - in case of foreign currency purchases and sales.

The foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

At year end the income statement is translated to EUR by using the average exchange rate during the year and the balance sheet is translated by using the exchange rate on 30 June 2022. Any difference is recognized in other comprehensive income and will be released when the business is closed or if there is a change in the functional currency of the company.

Equity items are presented at historical rates, i.e. rates as at the date of equity contribution.

## **2.4 Fair value hedging**

The Company's object is to offer to investors crypto-currencies backed-bonds in Bitcoins ("BTC"). The non-interest-bearing bearer bonds "Fidelity Physical Bitcoin ETP" (ISIN XS2434891219) are secured by a Bitcoin wallet underlying. The BTC includes a market risk concerning the market valuation of Bitcoins. This risk is designated by the company as a hedged risk within the framework of a fair value hedges. The BTC is shown as "Financial liabilities valued at fair value".

The Bitcoin wallet is designated as a hedge instrument concerning the fair value changes in the BTC. The investment in the Bitcoin wallet is done by a trustee and shown as a "Non financial assets, designate in a fair value hedge" and recognized at fair value of the liabilities. The effectiveness of the hedge is proved by critical term match and therefore no ineffectively is booked to net income.



## **2.5 Trade and other receivables**

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Subsequently, they are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as a difference between the carrying amount of the asset and the estimated recoverable amount.

## **2.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, cash at bank, short-term deposits with original maturities of three months or less and restricted cash.

Cash and cash equivalents are carried at nominal value in the statement of financial position. As of the balance sheet date, there are only credit balances at the bank accounts.

## **2.7 Prepaid expenses**

The deferred items are prepaid expenses from the following year. Discounts on this positions were not required.

## **2.8 Liabilities to affiliated companies**

FIL Distributors has granted a loan of EUR 70,000.00 to the Company. Furthermore, the company has paid invoices for the reporting company in the amount of EUR 117,362.17, so that the liability totals EUR 187,362.17. All liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

## **2.9 Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## **2.10 Provisions**

Provisions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## **2.11 Revenue recognition**

The company recognize revenue mainly in connection with the management of the Bitcoin investment done. The recognition is done over the time. Management fee is deducted directly from the recognized liability in the amount of 0,75% p.a.

## **2.12 Current income tax**

The current income tax charge is determined in accordance with the relevant tax law regulations in respect of the taxable profit. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in countries where the Company operates and generates taxable income.

Income tax payable represents the amounts payable at the balance sheet date. If the amount paid on account of current income tax is greater than the amount finally determined, the excess is recognized in the statement of financial position as income tax receivables.

### **Note 3 - Critical accounting estimates and judgments**

The Company made estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current or next financial year are discussed below.

#### **3.1 Fair value estimation**

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The nominal values of liabilities and receivables less impairment with a maturity up to one year are assumed to approximate their fair values.

### **Note 4 - Financial risk management**

#### **4.1 Financial risk factors**

The Company's overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Company. The financial risk is managed under policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk, as well as covenants provided in financing agreements.

##### **4.1.1 Currency risk**

As at 30 June 2022, the balance sheet items are in EUR and do not bear any significant currency risk.

##### **4.1.2 Liquidity risk**

Liquidity risk management implies maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities.

#### **4.2 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for the sole shareholder and benefits for other stakeholders. The Company was not regulated for capital requirements purposes and the Company utilises funds provided by related parties to fund its activities.

## **Note 5 - Equity**

### **Share capital**

As at 30 June 2022, the Company's share capital is composed of 25,000 shares with a nominal value of EUR 1 each. Furthermore, the shareholder has undertaken to pay a capital reserve in the amount of EUR 35,000.00. As of the reporting date, the company reported a negative equity of 173,689.32 Euro.

## **Note 6 – Notes to the Financial statements**

### **6.1 Trade and other payables**

As of 30 June 2022, trade and other payables include EUR 17.915,94 payables to related parties for services received.

### **6.2 Provisions**

As of 30 June 2022, provisions include EUR 35,700.00 for accrued expenses. These consist of EUR 43,137.50 for the audit costs.

### **6.3 Revenue**

Revenue recognition is done over the time only and is related to the management of the Bitcoin portfolio of the company.

### **6.4 Income taxes**

The company recognizes only current taxes. A tax reconciliation is not done due to materiality reasons. There are no current taxes as of the balance sheet date.

### **6.5 Selling, General & Administrative Expenses**

The other expenses are related to corporate and consulting service in the amount of EUR 132,826.03, bookkeeping and auditing in the amount of EUR 19,731.13 and other expenses in the amount of EUR 7,715.74.

## **Note 7 - Audit fees**

The audit fees for the financial period ending 30 June 2022 amount to EUR 11,900.00.

  
Signature of the legal representatives

Hamburg, 4 January 2023