



**Fidelity Exchange Traded
Products GmbH
Hamburg**

Long-form Audit Report

Long-form report on the audit
of the annual financial statements
and the management report
for the financial year
from 1 January to 31 December 2022

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Appendices

1 Management report and annual financial statements

Management report

Statement of financial position

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Notes to the Financial Statements for the period from 1 January to 31 December 2022

**General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
(German Public Auditors and Public Audit Firms)**

We draw attention to the fact that differences may arise due to the use of rounded figures and percentages.

Abbreviations

AuS	Auditing Standard (promulgated by the IDW)
EU	European Union
EUR	Euro
GmbHG	German Limited Liability Companies Act
HFA	Main Expert Committee of IDW
HGB	German Commercial Code
IDW	Institute of Public Auditors in Germany
IFRS	International Financial Reporting Standards
RS	Accounting note
Rev.	revised (=neue Fassung)

1 Audit engagement

By resolution of the general meeting held on 10 February 2023 of

**Fidelity Exchange Traded Products GmbH,
Hamburg**

– hereafter also referred to as „FETP“ or „the Company“ –

we were elected as independent auditors for the financial year from 1 January to 31 December 2022. Based on this resolution, the executive director engaged us to conduct the voluntary audit of the annual financial statements and of the voluntary management report for the financial year ended 31 December 2022 in accordance with Sec. 317 German Commercial Code (HGB) and Regulation (EU) No 537/2014.

In accordance with Sec. 321 (4a) HGB, we confirm that our audit was conducted in compliance with the applicable regulations on independence.

We also confirm in accordance with Art. 6 (2) point (a) Regulation (EU) No 537/2014 that the audit firm and partners, senior managers and managers, conducting the audit are independent from the audited Company.

Our long-form audit report has been prepared in accordance with the requirements of Regulation (EU) No 537/2014 and the German Generally Accepted Standards for the Preparation of Long-form Audit Reports for the Audits of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) – Auditing Standard IDW AuS 450 (Revised) (10.2021).

The scope of the engagement and our responsibilities thereunder, towards both the Company and third parties, are governed by the agreement dated 25 April 2023 and complementarily by the enclosed “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” as of 1 January 2017.

This long-form audit report has been prepared solely to document the audit work performed to the Company and not for any purposes of third parties. In accordance with the legal position pursuant to Sec. 323 HGB, we do not accept or assume liability to third parties.

2 Fundamental findings

2.1 Statement on the executive directors' assessment of the Company's position

We draw attention to the following aspects of the annual financial statements and the management report prepared by the executive director as well as the other audited documents which are of particular relevance in assessing the Company's position:

- Due to the decline in the Bitcoin price, the demand for securities backed by cryptocurrencies was lower than expected and planned, that is why the issue volume and ultimately the company's business results remained below expectations.

As part of its business activities, the Company generated revenues of EUR 21k in the year under review (previous year: EUR 0). This year too, the expenses more than compensated for the sales, which led to an overall net loss for the year of EUR 429k and thus to an increase in the loss not covered by equity.

- The Company considers business risks, legal and regulatory risks, internal control and IT risks as well as financial risks to be significant.

The Company has defined business risks, legal and regulatory risks, internal control and IT risks as well as financial risks as risk categories and monitors these on an ongoing basis.

The Company considers a sustained decline in the Bitcoin market value and thus a waning interest of investors in purchasing the bearer bonds to be a business risk. Overall, the Company classifies this risk as medium because the market price of Bitcoin has stabilized significantly since the end of the 2022 financial year.

From the Company's point of view, possible risks result from a change in the legal and regulatory environment in the area of cryptocurrencies. In the future, the possible increasing regulation could have a negative impact on the demand and thus on the performance of cryptocurrencies. Here, the company sees a medium risk.

The internal control and IT risks result from a functioning information technology infrastructure, particularly at the service providers involved in product processing by the company. The risk management methods of the company and its service providers are based on a combination of technical and human controls and monitoring. Strict measures are taken to ensure the security and integrity of operational processes. Against this background, the company considers the risk to be low.

The Company regularly monitors its financial condition and makes arrangements to provide additional funding as needed to fund operating deficits and provide working capital. In this context, the company was granted additional funds in the financial year and for 2023.

- The Company sees itself well positioned to benefit from increased demand for cryptocurrencies in 2023.

The security is currently marketed in 13 different countries. The Company assumes that, given the recovery in the Bitcoin price in 2023, a larger sales base for marketing the bearer bond and the development towards regulation of cryptocurrencies will be achieved. The company also sees an opportunity in the possible increase in regulation due to a possible increase in investor confidence in the bearer bonds secured by cryptocurrencies. The Managing Director expects a moderate increase in the assets under management in 2023, which will continue to grow reaching the targets. The revenues are expected to develop at the same rate as the overall management fees are linked to the growth of the assets under management.

In conclusion, we state, in accordance with Sec. 321 (1) sentence 2 HGB, that we deem the executive director's assessment of the Company's position, notably the use of the going concern basis of accounting and their assessment concerning the future development of the Company as expressed in the annual financial statements and in the management report, to be realistic.

Additional information on the assessment of the Company's position is provided in our explanations on the information on the assets, liabilities, financial position and financial performance in chapter 5.3 of our long-form audit report and in chapter 2.2 below.

2.2 Matters that may adversely affect the development of the Company

In accordance with Sec. 321 (1) sentence 3 HGB, we report on matters that may adversely affect the development of the Company.

The financial statements have been prepared on the assumption of going concern. As of December 31, 2022, the Company reported negative equity of EUR 455k. The share capital of EUR 25k was paid in full. At the shareholders' meeting on September 29, 2021, the shareholder expressed the intention to contribute EUR 35k to the capital reserve of FETP. The contribution had not yet been paid in as of December 31, 2022 and is reported as a receivable from the shareholder.

FETP signed a loan agreement with FIL Investments International on April 1, 2022 and received a loan of EUR 275k to cover start-up and ongoing costs. FIL Investments International novated the loan agreement to FIL Distributors in 2022. The novation agreement replaced the loan agreement effective April 1, 2022. The utilization of the facility remained unchanged. The loan agreement contains provisions on qualified subordination. An amount of EUR 70k was paid out in December 2022. It is to be repaid if the company generates annual surpluses and only if there is no over-indebtedness or insolvency or there is no threat of it.

FIL Distributors has issued a letter of comfort, dated December 21, 2022, declaring its intention to support FETP in the event that the company does not generate sufficient positive cash flow to continue its business activities. FID will continue to provide the Company, directly or indirectly, with the loan facility and other funds needed to fund operating deficits and provide working capital.

The internal planning of the issuance volume envisages that the Company will earn USD 500 million over the next three years from the wholesale trade in Germany, Switzerland, Italy and other countries as well as from the European institutional business, which will generate expected profit contribution of approximately USD 2.5 million p.a. over a period of three years. The Managing Director has examined the going concern assumption and has not identified any events and/or circumstances that would lead to its refutation as the Company has can cover its liabilities any time.

3 Copy of the Independent Auditor's Report

We have issued the following Independent Auditor's Report on the annual financial statements and the management report of Fidelity Exchange Traded Products GmbH, Hamburg, for the financial year ended 31 December 2022 as set out in appendix 1:

"INDEPENDENT AUDITOR'S REPORT

To Fidelity Exchange Traded Products GmbH, Hamburg

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Audit Opinions

We have audited the annual financial statements of Fidelity Exchange Traded Products GmbH, Hamburg, which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 January to 31 December 2022, and the notes to the financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Fidelity Exchange Traded Products GmbH, Hamburg, for the financial year from 1 January to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the IFRS as adopted by the EU and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with

the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present existence and valuation of the cryptocurrency holdings and bearer bonds as the key audit matter we have determined in the course of our audit.

Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements)
- b) auditor's response

Existence and valuation of the cryptocurrency holdings and bearer bonds

- a) As of 31 December 2022, Fidelity Exchange Traded Products GmbH, Hamburg, disclosed under the Non-financial assets coin holdings with a book value of EUR 2,957k, i.e. 96.7 % of the total assets. The holdings are administered by a company (depository) independent of Fidelity Exchange Traded Products GmbH. Fidelity Exchange Traded Products GmbH also issues bearer bonds. The holdings are valued at their fair value as of 31 December 2022, which corresponds to the market price. The balance sheet values of the cryptocurrency holdings and the outstanding bearer bonds result from the valuation of the coins by the legal representatives of the Company. Since the examination of the requirements for the application of IAS 38 and IFRS 9 is complex and, in addition, incorrectly determined holdings of or fair values for cryptocurrencies can materially affect the presentation of the asset and earnings situation, we have classified existence and valuation of the cryptocurrency holdings and bearer bonds as key audit matter.

The information provided by the legal representatives on the cryptocurrency holdings and the bearer bonds is contained in section "Fair value Bitcoin and Bitcoin wallets" of the notes.

- b) First, we gained an understanding of the company's custody and valuation processes. Based on our risk assessment and the assessment of the risk of error, we examined the design and implementation as well as the effectiveness of internal controls relevant to the audit regarding the existence of the coin holdings in cryptocurrencies. The evidence was also checked based on separate confirmations from the depository of the cryptocurrencies, the third party appointed to administer the assets held in custody and the bonds issued (administrator), and the paying agent for the bonds issued. Furthermore, we assessed the recording of

deposits and withdrawals of cryptocurrencies at the depositary and the company's portfolio system in the financial year regarding their proper recording and compliance with internal controls which have been assessed in respect to their design and implementation by the Company.

As part of the examination of the correct recording of the outstanding bearer bonds, we carried out a comparison with the deposit account statements from the paying agent. We compared the market prices used to determine the fair value with publicly available price information.

Furthermore, we verified the correctness of the calculations and checked the disclosures in the notes for completeness and correctness.

Emphasis of Matter

The statement of financial position shows negative equity. In this context, we draw attention to the disclosures of the executive director in respect to the going concern assumption (Notes to the Financial Statements for the period from 1 January to 31 December 2022, Sec. 2.2). The Executive Directors have assessed the assumption of going concern and have not identified any events and/or circumstances leading to its rebutting. Our audit opinions on the financial statements and on the management report are not modified in respect of this matter.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with IFRS as adopted by the EU and that the annual financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Company. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with IFRS as adopted by the EU.

- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 10 February 2023. We were engaged by the executive directors on 25 April 2023. We have been the auditor of Fidelity Exchange Traded Products GmbH, Hamburg, without interruption since the financial year 2021.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Mathias Bunge.

Frankfurt am Main, 16 June 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

sig. Mathias Bunge
Wirtschaftsprüfer
(German Public Auditor)

sig. Bernhard Haas
Wirtschaftsprüfer
(German Public Auditor)“

4 Subject, nature and scope of the audit

Subject of the audit

Our audit covered

- the accounting records
- the annual financial statements (comprising the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the Notes to the Financial Statements for the period from 1 January to 31 December 2022)
- the management report

of the Company.

The executive director of the Company are responsible for the accounting records and the preparation of the annual financial statements and the management report in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU; this also applies to the information which was provided to us concerning these documents. Further information is provided in the section “Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report” as well as in the description of their responsibilities in the section “Other Legal and Regulatory Requirements” in the above copy of our auditor’s report.

Our responsibility is to express an opinion on these documents and this information based on our audit conducted in accordance with professional auditing standards. Our responsibilities in this context are described in the sections “Basis for the Audit Opinions” and “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” as well as in the section “Other Legal and Regulatory Requirements” of our auditor’s report.

Nature and scope of the audit

Our audit was based on the prior year’s annual financial statements audited by us, on which we issued an unqualified Independent Auditor’s Report – and drawing attention to the matter of negative equity – dated 5 January 2023; these annual financial statements were adopted on 10 February 2023.

The key audit partners involved in the audit were Wirtschaftsprüfer Mathias Bunge and Wirtschaftsprüfer Bernhard Haas with the first-mentioned being at the same time the German Public Auditor responsible for the engagement.

We conducted our audit in accordance with Sec. 317 HGB and with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW).

Concerning the main features of our audit approach, we refer to the section “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” in the above copy of our auditor’s report in chapter 3. In order to meet these requirements, we apply our risk and process-based audit approach; for this purpose, we use our Engagement Management System (EMS) auditing software. It supports the planning, performing and documentation of the audit.

In accordance with Sec. 317 (4a) HGB, the scope of the audit does not include assurance on the future viability of the audited Company or on the effectiveness or efficiency with which the executive directors have conducted or will conduct the affairs of the Company.

We conducted the audit between November and December 2022 (planning) and April and June 2023 (performing).

The timing of the audit was as follows:

Planning the audit

November and December
2022

- Obtaining an understanding of the Company and its environment and of its accounting-related internal control
- Identifying and assessing the risks of material misstatements, determining specific audit areas and areas of audit focus (including key audit matters)
- Planning responses to address the assessed risks of material misstatement

Performing the audit

April to June 2023

- Performing the planned audit procedures (see explanation below)
- Evaluating whether the audit procedures performed provided reasonable assurance
- Evaluating the effects of identified misstatements on the audit, on the annual financial statements and on the management report

Concluding audit procedures

June 2023

- Evaluating subsequent events, internal quality control etc.
- Forming audit opinions and reporting on the audit

In addition to the matters described in chapter 2.2, the following matters were the subject of correspondence or were discussed with management:

Executive Director	Meeting on audit conduction (8 February 2023)
Executive Director	Meetings on (Key) Audit matters (5 April 2023)
Executive Director	Final meeting (6 June 2023)
Executive Director	Weekly Jour Fixe

We set the quantitative level of materiality for the annual financial statements as a whole at EUR 19k. The qualitative factors considered when determining the level of materiality include: shareholder structure, industry of the Company, level of regulation in the industry respectively of the Company.

In accordance with our audit plan, we tested the appropriateness and, according to our professional judgement, operating effectiveness of the identified controls of the company relevant to the audit. Based on the results of these tests, we determined the nature and scope of our substantive procedures (substantive analytical procedures and tests of detail of selected transactions and account balances). Tests of details were performed on the basis of judgemental selections of specific items and/or by applying sampling methods.

Our audit focused on the following areas, with those areas we determined to be key audit matters denoted with an asterisk (*):

- Existence and valuation of cryptocurrency holdings*
- Existence and accuracy of receivables from and liabilities to affiliated companies
- Existence, accuracy, accrual and valuation of revenues
- Appropriateness of the going concern assumption.

Further information on our audit approach in respect of the key audit matters is provided in the section “Key Audit Matters in the Audit of the Annual Financial Statements” in our auditor’s report (see copy of the Independent Auditor’s Report in chapter 3).

The following is an overview of our audit approach, broken down by categories of the balance sheet:

	<i>System and compliance testing (Design & Implementation, or D&I and operating effectiveness)</i>	<i>Substantive procedures</i>
Non financial assets – Bitcoin Wallets	X	X
Shareholders equity		X
Provisions		X
Financial liabilities valued at fair value (BTC)	X	X
Trade and other payables		X

Regarding the above, we have not changed the audit approach compared to the previous year.

In order to assess the appropriateness of the Company’s accounting records, we obtained an overview of the organisation of the accounting records and an understanding of the controls relevant to the audit, and performed appropriate tests of design and implementation, in particular with regard to the relevant internal controls implemented.

The Company has outsourced its entire bookkeeping to the parent company Intertrust (Deutschland) GmbH, Frankfurt am Main. We examined the compliance of the outsourced bookkeeping as part of a system check at the service company.

The inventory of cryptocurrencies and the issued bearer bonds was audited on the basis of separate confirmations from the custodian for the cryptocurrencies, the third party appointed to manage the assets held in custody and the bonds issued, and the paying agent for the bonds issued. We assessed the recording of additions and disposals of cryptocurrencies at the custodian and the company's portfolio system in the financial year with regard to their proper recording and compliance with internal controls.

We did not request external confirmations of accounts receivable and accounts payable recorded in lists of account balances at the balance sheet date. In this context, we convinced ourselves that accounts receivable and accounts payable were recorded, maintained and processed in such a way that they could be substantiated reliably by other means. In auditing accounts bank balances and provisions, we requested external confirmations from all banks and all lawyers of the Company concerning its claims, rights and obligations.

Considering the disclosures in the annual financial statements, we evaluated the prospective information in the management report for plausibility and consistency with our audit evidence in respect of the annual financial statements.

The executive director provided all information and evidence requested and on 16 June 2023 issued a written letter of representation in accordance with professional standards. In this letter of representation, the executive director notably confirm that she fulfilled her responsibilities for the preparation of the annual financial statements and the management report in accordance with the IFRS as adopted by the EU and that all transactions have been recorded in the accounting records in accordance with the IFRS as adopted by the EU and are reflected in the annual financial statements or in the management report in accordance with the requirements of the IFRS as adopted by the EU.

5 Findings and explanations on the financial reporting

5.1 Appropriateness of the financial reporting

5.1.1 Accounting records and other audited documents

The accounting records comply with the requirements of the IFRS as adopted by the EU and with the German Legally Required Accounting Principles. The information derived from the other audited documents is, in all material respects, appropriately presented within the accounting records, the annual financial statements and the management report.

5.1.2 Annual financial statements

The annual financial statements for the financial year ended 31 December 2022 are enclosed as part of appendix 1 to this long-form audit report.

The annual financial statements have been properly derived from the accounting records and the other audited documents. The requirements of the IFRS as adopted by the EU on classification, recognition and valuation, on the statement of cash flows, on the statement of changes in equity and on the notes to the financial statements have been complied with in all material respects.

5.1.3 Management report

The management report for the financial year ended 31 December 2022 is enclosed as part of appendix 1 to this long-form audit report.

According to the results of our audit, the management report complies, in all material respects, with German legal requirements.

5.2 Overall presentation of the annual financial statements

The annual financial statements taken as a whole, i.e. the combined presentation of the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the Notes to the Financial Statements for the period from 01 January 2022 to 31 December 2022, give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with the IFRS as adopted by the EU.

5.3 Information on the assets, liabilities, financial position and financial performance

Multy-year data overview

		2022	2021**
Revenue*	KEUR	22	0
Net financial assets – Bitcoin wallets*	KEUR	2,957	0
Financial liabilities valued at fair value (BTC)	KEUR	2,970	0
Cashflow from operating activities	EUR	463,250	-40
Number of employees	Heads	0	0
EBIT*	KEUR	-429	-86
Loss for the period	KEUR	-429	-86
Balance sheet total	KEUR	3,058	65
Equity ratio	%	-	-
Return on revenue	%	> -100	-

* also key performance indicator within the meaning of Sec. 289 (1) sentence 3 or (3) HGB

** short financial year from 15 July to 31 December 2021

With regard to the deficit not covered by equity, we refer to the advance reporting section in chapter 2 and to the respective disclosures made by the executive director in the management report (point 2.5) and in the notes to the financial statements (note 2.2).

6 Concluding remark

The above long-form audit report on our audit of the annual financial statements and of the management report of Fidelity Exchange Traded Products GmbH, Hamburg, for the financial year from 1 January to 31 December 2022 complies with the requirements of the IFRS as adopted by the EU and the German Generally Accepted Standards for the Preparation of Long-form Audit Reports for the Audits of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) – Auditing Standard IDW AuS 450 (Revised) (10.2021).

Concerning the unqualified Independent Auditor's Report issued by us, we refer to chapter 3 "Copy of the Independent Auditor's Report".

Frankfurt am Main, 16 June 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

DocuSigned by:

4DC34D2BCACF4EE

(Mathias Bunge)
Wirtschaftsprüfer
(German Public Auditor)

DocuSigned by:

ECEB1B5232534AB

(Bernhard Haas)
Wirtschaftsprüfer
(German Public Auditor)

Deloitte

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

**Fidelity Exchange Traded
Products GmbH
Hamburg**

Appendix 1

Management report and annual financial statements
for the financial year
from 1 January to 31 December 2022

Fidelity Exchange Traded Products GmbH
Hamburg

Lagebericht
für das Geschäftsjahr vom 01. Januar bis zum 31. Dezember 2022

1. Grundlagen der Gesellschaft

Die Fidelity Exchange Traded Products GmbH (die „Gesellschaft“) wurde am 05. Februar 2021 als SBGS 212 GmbH gegründet und am 19. August 2021 unter **HRB 168990** beim Amtsgericht Hamburg in das Handelsregister eingetragen. Mit Vertrag vom 15. Juli 2021 hatte die Intertrust Nominees (Ireland) Limited das Stammkapital in Höhe von EUR 25.000 voll eingezahlt und ist damit alleiniger Gesellschafter. Das Geschäftsjahr der Gesellschaft beginnt am 1. Januar und endet am 31. Dezember.

Die einzige Tätigkeit der Gesellschaft ist die Ausgabe von Schuldverschreibungen im Sinne des § 793 des Bürgerlichen Gesetzbuchs, die durch Kryptowährungen besichert sind. Mit der Emission solcher Schuldverschreibungen beabsichtigt die Gesellschaft, die Nachfrage von Anlegern nach handelbaren Wertpapieren zu befriedigen, über die eine Investition in Kryptowährungen getätigt werden kann. Die Gesellschaft beabsichtigt, ihre Aktivitäten durch die Emission solcher Schuldverschreibungen zu finanzieren.

Die Gesellschaft erbringt keine Finanzdienstleistungen im Sinne von § 1a KWG oder tätigt andere erlaubnispflichtige Geschäfte.

Die Gesellschaft hat ein Programm zur Emission von Inhaberschuldverschreibungen, die nach deutschem Recht im Sinne des § 793 BGB begeben sind, entwickelt.

Die unter diesem Programm begebenen Schuldverschreibungen sind durch Kryptowährungen besichert, sehen keine Zinszahlungen vor und haben keinen festen Fälligkeitstermin.

Jede Schuldverschreibung verbrieft das Recht des Anleihegläubigers, von der Gesellschaft entweder

(a) die Lieferung von Bitcoin zu verlangen, die dem Anspruch des Anleihegläubigers an einem beliebigen Geschäftstag gegen die Gesellschaft in Bezug auf jede Schuldverschreibung entspricht, ausgedrückt als Anzahl der Einheiten der Kryptowährung pro Schuldverschreibung oder

(b) falls ein Anleihegläubiger aus rechtlichen oder regulatorischen Gründen keine Einheiten der zugrunde liegenden Kryptowährung erhalten kann, eine Zahlung in Euro, die in Übereinstimmung mit den einschlägigen Bestimmungen der Anleihebedingungen bestimmt wird.

Bei Eintritt bestimmter Ereignisse, wie in den Anleihebedingungen näher erläutert, ist die Gesellschaft jederzeit berechtigt - sie ist dazu aber nicht verpflichtet - die Schuldverschreibungen mit einer Frist von mindestens 30 Geschäftstagen gegenüber den Anleihegläubigern zum jeweiligen Kündigungsrückzahlungspreis zu kündigen. Ein solches Kündigungsereignis der Gesellschaft liegt unter anderem vor, wenn ein neues Gesetz oder eine neue Verordnung in Kraft tritt, das bzw. die die Gesellschaft verpflichtet, eine Lizenz zu erwerben, um ihre Verpflichtungen aus den Schuldverschreibungen erfüllen zu können. Eine solche Kündigung führt für die Anleihegläubiger unweigerlich zu einer Rückzahlung der Anleihe.

2. Wirtschaftsbericht

2.1 Wirtschaftliche Rahmenbedingungen & Geschäftsverlauf

Die Gesellschaft hat am 10. Februar 2022 eine Inhaberschuldverschreibung "Fidelity Physical Bitcoin ETP" (ISIN XS2434891219) mit einem anfänglichen Volumen von € 2,48 Mio. begeben, die zu 100% mit Bitcoin hinterlegt ist. Im Laufe des Jahres wurde die Emission um € 2,96 Mio. erhöht.

Die Anleihe kann sowohl mit Bitcoin als auch Ethereum oder einem Mix aus beiden Kryptowährungen unterlegt werden. Im Berichtsjahr bestand das Portfolio zur Besicherung ausschließlich aus Bitcoin.

Für 2021, das Gründungsjahr der Gesellschaft, wurde zulässigerweise kein Lagebericht aufgestellt. Ein Vergleich des aktuellen Lageberichts mit dem Vorjahr ist daher nicht möglich.

Der Kryptowährungsmarkt erlebte im Jahr 2022 inmitten eines schwierigen makroökonomischen Umfelds und verschiedener Marktkrisen einen steilen Abschwung. Die Gesamtkapitalisierung des Kryptomarktes im Jahr 2022 lag zu Beginn des Jahres bei über 2,2 Billionen US-Dollar im Januar und erreichte im Dezember ein Jahrestief von 800 Milliarden US-Dollar. Insbesondere der Bitcoin-Kurs fiel im Laufe des Jahres um 65 %.

Trotz dieses großen Preiserückgangs zeigte sich Bitcoin widerstandsfähig und behielt seinen dominanten Status auf dem Kryptowährungsmarkt bei.

Die Inhaberschuldverschreibung wurde im Februar 2022 an den Börsen Xetra und SIX notiert und hat derzeit ein verwaltetes Vermögen von ca. 4,7 Mio. USD (Stand: Ende Januar 2023). Zum Start in Q1 2022 hat die Gesellschaft das Angebot des Wertpapiers in 10 Märkten für institutionelle und professionelle Anleger ermöglicht. Dazu gehörten Dänemark, Finnland, Deutschland, Italien, Luxemburg, die Niederlande, Norwegen, Schweden, die Schweiz und das Vereinigte Königreich.

Im Oktober 2022 wurde die Inhaberschuldverschreibung in Hongkong und Singapur verfügbar gemacht. Im Januar 2023 wurde dies auch auf Spanien ausgeweitet, wodurch die Vertriebsbasis des Wertpapiers weiter ausgebaut wurde.

Durch den Rückgang des Bitcoin-Kurses fiel die Nachfrage nach Wertpapieren, die mit Kryptowährungen unterlegt sind, geringer als erwartet und geplant aus, weshalb das Emissionsvolumen und letztlich das Geschäftsergebnis der Gesellschaft unter den Erwartungen blieb.

Die Gesellschaft hat daher ihren Liquiditätsbedarf durch die Aufnahme verschiedener Darlehen im Jahresverlauf gedeckt.

Die Gesellschaft hält trotz der Marktvolatilität an ihren Vermarktungsplänen, die für drei Jahre ausgelegt sind, fest.

2.2 Ertragslage

Die Gesellschaft erzielte Umsatzerlöse in Höhe von 21 Tsd. EUR (Vorjahr 0 Tsd. EUR).

Die Umsatzerlöse basieren auf Management-Gebühren, die die Haupteinnahmequelle der Gesellschaft darstellen. Die Höhe dieser Gebühren ist abhängig von der Höhe der verwahrten Anleihen sowie dem Preis der Kryptowährungen (hier Bitcoin). Die Höhe der Management-Gebühren, die die Gesellschaft im Zusammenhang mit der Emission der Anleihen erhält, ist ein positiver Indikator für die Fähigkeit der Gesellschaft, erfolgreich Kunden anzuziehen.

Den erzielten Umsatzerlösen standen sonstige betrieblichen Aufwendungen im Jahr 2022 in Höhe von 451 Tsd. EUR (Vorjahr: 86 Tsd. EUR) gegenüber. Sie beinhalten vor allem Dienstleistungsgebühren in Höhe von 263 Tsd. EUR (Vorjahr: 11 Tsd. EUR), Rechts- und Beratungskosten von 50 Tsd. EUR (Vorjahr: 2 Tsd. EUR) sowie Kosten für die Jahresabschlussprüfung über 119 Tsd. EUR (Vorjahr: 71 Tsd. EUR).

Insgesamt wurde im Berichtsjahr ein Verlust in Höhe von 429 Tsd. EUR erwirtschaftet, welcher auf die Emission der Kryptowährung und den damit einhergehenden höheren Aufwendungen für deren Administration und Verwaltung zurückzuführen ist.

Obwohl im Jahr 2022 ein höherer Verlust als in 2021 erwirtschaftet wurde, ist das Management zuversichtlich, dass sich die finanzielle Situation der Gesellschaft im Jahr 2023 verbessern wird. Das Berichtsjahr 2022 war ein besonders schlechtes Jahr für Kryptowährungen im Allgemeinen. Mit der Erholung des Bitcoin-Preises, die in den ersten Monaten des Jahres 2023 beobachtet werden konnte, erwartet die Geschäftsführung eine Fortsetzung des Aufwärtstrends im weiteren Verlauf von 2023.

Die Vertriebsbasis wurde Anfang 2023 ausgeweitet und verfügt nun über ein größeres Vertriebsteam, das aktiv um neue Investoren wirbt, was die positive Erwartung für die weitere Entwicklung des Unternehmens verstärkt.

Die Finanzmittel, die die Gesellschaft zur Deckung ihrer Kosten und für ihren allgemeinen Cashflows benötigt, werden aktuell durch die FIL Distributors International Limited über verschiedene Darlehen bereitgestellt. Die Darlehen sind garantiert bis die Gesellschaft in der Lage ist, einen ausreichend positiven Cashflow zu erwirtschaften, um ihre Geschäftstätigkeit eigenständig zu finanzieren. Details zu den Darlehen werden in 2.4 erläutert. Die Zahlungsfähigkeit der Gesellschaft wurde dadurch für 2022 und 2023 sichergestellt.

2.3 Nichtfinanzielle Leistungsindikatoren

Andere Erfolgsindikatoren, die sich auf das Geschäft der Gesellschaft auswirken, sind unter anderem:

- die allgemeine Anlegerwahrnehmung von Kryptowährungen
- der Ruf ihrer Dienstleister, z.B. BBH, Fidelity Digital Asset Services, LLC

Die Gesellschaft wird von etablierten, regulierten Dienstleistern unterstützt, insbesondere von Fidelity Digital Asset Services, LLC, die für die Emission der Anleihe institutionelle Vermögensverwahrungsdienste anbietet.

2.4 Finanzlage

Am 31.12.2022 verfügte die Gesellschaft über liquide Mittel in Höhe von 38 Tsd. EUR. (31.12.2021: 25 Tsd. EUR), die auf Konten bei Banken gehalten wurden. Der Cashflow aus der laufenden Geschäftstätigkeit belief sich im Geschäftsjahr 2022 auf -373 Tsd. EUR (Vorjahr: -40 EUR). Der Cashflow aus der Investitionstätigkeit belief sich im Geschäftsjahr 2022 auf 387 Tsd. EUR (Vorjahr: 0 Tsd. EUR).

Um ihren finanziellen Verpflichtungen nachzukommen und zur Deckung der laufenden Kosten, hat die Gesellschaft bereits im Jahr 2021 einen Darlehensvertrag mit FIL Distributors International über 70 Tsd. EUR abgeschlossen, welcher die Bedingungen für einen qualifizierten Rangrücktritt enthält. Die Rückzahlung des Darlehens erfolgt, wenn die Gesellschaft Jahresüberschüsse erwirtschaftet und nur in dem Maße, in dem keine Überschuldung oder Zahlungsunfähigkeit besteht oder droht.

Im April 2022 wurde ein Darlehensvertrag über 275 Tsd. EUR mit Fidelity Investments International geschlossen und im Jahr 2022 mit FIL Distributors noviert. Die Novationsvereinbarung ersetzt die Darlehensvereinbarung. Des Weiteren wurde im Dezember 2022 ein Betrag von 70 Tsd. EUR ausgezahlt. Auch diese Vereinbarungen erfüllen die Bedingungen der qualifizierten Nachrangigkeit.

Im Jahr 2023 unterzeichnete FETP am 17. Januar 2023 einen Darlehensvertrag und erhielt einen Kredit in Höhe von 850.000 EUR. Intertrust Nominees (Ireland) Limited hat den Darlehensvertrag im Jahr 2023 an FIL Distributors noviert. Diese Novationsvereinbarung ersetzt die Darlehensvereinbarung zum 17. Januar 2023. Die Inanspruchnahme der Fazilität bleibt unverändert. Der Darlehensvertrag enthält Bestimmungen zur qualifizierten Nachrangigkeit. Der Betrag wird in 2023 ausgezahlt. Er soll zurückgezahlt werden, wenn die Gesellschaft Jahresüberschüsse erwirtschaftet und nur, soweit keine Überschuldung oder Zahlungsunfähigkeit vorliegt oder droht.

2.5 Vermögenslage

Die Forderungen aus Lieferungen und Leistungen betragen 21 Tsd. EUR (Vorjahr: 0 Tsd. EUR) und betreffen die oben beschriebenen Management-Gebühren, welche ursprünglich in Bitcoin ausgegeben, aber für Zwecke der Rechnungslegung in EUR umgerechnet werden.

Des Weiteren weist die Gesellschaft in ihrer Bilanz Forderungen gegen verbundene Unternehmen von 35 Tsd. EUR (Vorjahr: 35 Tsd. EUR) aus, welche sich auf die noch ausstehende Einzahlung in die Kapitalrücklage beziehen.

Die Bestände der Kryptowährungen werden unter den sonstigen Vermögensgegenständen dargestellt und betragen 2.957 Tsd. EUR (Vorjahr: 0 Tsd. EUR). Für die Darstellung in EUR statt Bitcoin wurde eine von BROWN BROTHERS HARRIMAN Fund Administration Service (Ireland) Ltd., kurz BBH, vorgegebene Umrechnungsrate von 0,015496 verwendet.

Am 31.12.2022 verfügte die Gesellschaft über liquide Mittel in Höhe von 38 Tsd. EUR. (31.12.2021: 25 Tsd. EUR), die auf Konten bei Banken gehalten wurden.

Bereits gezahlte Gebühren für die Administration und Verwaltung der Kryptowährungen, die das Jahr 2023 betreffen, werden unter den Rechnungsabgrenzungsposten mit 6 Tsd. EUR (Vorjahr: 5 Tsd. EUR) ausgewiesen.

Die Gesellschaft weist einen nicht durch Eigenkapital gedeckten Fehlbetrag von 455 Tsd. EUR auf. Dieser setzt sich aus dem Stammkapital von 25 Tsd. EUR (Vorjahr: 25 Tsd. EUR), der Kapitalrücklage in Höhe von 35 Tsd. EUR (Vorjahr: 35 Tsd. EUR), dem Verlustvortrag mit 86 Tsd. EUR (Vorjahr: 0 Tsd. EUR) und dem Jahresfehlbetrag von 429 Tsd. EUR (Vorjahr: 86 Tsd. EUR) zusammen.

Die bereits oben beschriebenen Inhaberschuldverschreibungen von 2.971 Tsd. EUR (Vorjahr: 86 Tsd. EUR) werden als Anleihen dargestellt.

Die Gesellschaft hat sonstige Rückstellungen für Prüfungskosten in Höhe von 119 Tsd. EUR (Vorjahr: 31 Tsd. EUR) gebildet.

Die Verbindlichkeiten aus Lieferungen und Leistungen betragen 24 Tsd. EUR (Vorjahr: 60 Tsd. EUR) und besitzen eine Restlaufzeit von bis zu einem Jahr.

Die Bilanzsumme hat sich im Vergleich zum Vorjahr um 3.421 Tsd. EUR auf 3.512 Tsd. EUR erhöht, was vor allem auf die im Jahr 2022 aufgenommene Emissionstätigkeit und damit verbundene Zunahme des Bestandes an Bitcoin in Verwahrung zur Absicherung der ausgegebenen Anleihen zurückzuführen ist.

3. Prognose und Risikobericht

Die Gesellschaft erachtet insbesondere die folgenden Risiken als wesentlich für ihr Geschäft:

- Geschäftsrisiken
- Rechtliche und regulatorische Risiken
- Interne Kontroll- und IT-Risiken sowie
- Finanzielle Risiken

Die Gesellschaft bietet derzeit ausschließlich Inhaberschuldverschreibungen nach deutschem Recht an, die mit Bitcoin unterlegt sind, Fidelity Physical Bitcoin ETP - ISIN XS2434891219. Da die Gesellschaft Bitcoin zur Unterlegung aller begebenen Schuldverschreibungen erhält, bevor die Schuldverschreibungen begeben werden können, und diese Bitcoin nicht selbst beschaffen muss, ist die Gesellschaft nur sehr geringen Kontrahenten- und Marktrisiken ausgesetzt.

Die Gesellschaft und Brown Brother Harriman & Co. Administration Services (Ireland) Limited, ihr "Administrator", verwenden den Fidelity Bitcoin Index als tägliche Preisreferenz zur Bewertung der verwahrten Bitcoins.

Keines der Risiken, die im Folgenden aufgeführt sind, wird als bestandsgefährdend eingestuft.

3.1 Geschäftsrisiken

Da der einzige Unternehmenszweck der FETP derzeit auf die Emission von mit Kryptowährungen unterlegten Inhaberschuldverschreibungen beschränkt ist, könnte ein anhaltender Rückgang des Bitcoin Marktwerts das Interesse der Anleger an solchen Anleihen beeinträchtigen und die Geschäftsaussichten der Gesellschaft negativ beeinflussen.

Da außerdem bestimmte laufende Gebühren in Form von Bitcoin erhoben werden, die in der Vergangenheit extremen und plötzlichen Preisschwankungen unterworfen waren, können die Gewinne der Gesellschaft im Falle eines Wertverlusts von Bitcoin negativ beeinflusst werden. Die Gesellschaft überwacht die Abweichungen der finanziellen Ergebnisse von ihrem Budget, um das Kapital auf dem erforderlichen Niveau zu halten.

Die Gesellschaft stuft das Geschäftsrisiko als mittel ein, da das verwaltete Vermögen der Gesellschaft seit dem 31. Dezember 2022 von 3,1 Mio. Euro auf 5,6 Mio. Euro gestiegen ist. Der Marktpreis von Bitcoin ist seit dem Datum des Jahresabschlusses ebenfalls um 40 Prozent

gestiegen. FIL Distributors, eine hundertprozentige Tochtergesellschaft von FIL Limited („FIL“), hat sich außerdem bereit erklärt, der Gesellschaft ausreichend Cashflow zur Verfügung zu stellen, um ihre Geschäftstätigkeit bei Bedarf fortzusetzen.

3.2 Rechtliche und regulatorische Risiken

Die Gesellschaft und ihre Dienstleister (die die Gesellschaft bei der Emission von Schuldverschreibungen in Anspruch nimmt, z.B. der Verwalter oder Fidelity Digital Asset Services, LLC, die "Verwahrstelle") sind Risiken ausgesetzt, die sich aus Änderungen des aufsichtsrechtlichen Status ergeben könnten. Die Gesellschaft ist derzeit nicht verpflichtet, in ihrem Gründungsland eine spezielle Lizenz zu führen und operiert ohne behördliche Aufsicht in den Ländern, in denen die Anleihe derzeit vermarktet wird.

Die Gesellschaft ist Risiken im Zusammenhang mit der (zukünftigen) Regulierung von digitalen Vermögenswerten und Blockchain-Technologien ausgesetzt. Der regulatorische Rahmen für den Bitcoin, an den die Anleihe gekoppelt ist, ist zwar derzeit noch nicht entwickelt, wird sich aber wahrscheinlich schnell an die Entwicklung anpassen und entstehen. In Zukunft könnten Vorschriften erlassen werden, die sich negativ auf die Wertentwicklung der Anleihe und das Interesse der Anleger an dieser Anlageklasse im Allgemeinen auswirken könnten.

Es ist zwar schwierig vorherzusagen, wie sich die aufsichtsrechtlichen Rahmenbedingungen entwickeln könnten, aber die Gesellschaft und ihre Dienstleistungsanbieter überwachen die aufsichtsrechtlichen Rahmenbedingungen laufend, bewerten die potenziellen Auswirkungen der Änderungen und sorgen gegebenenfalls für Abhilfe.

Zur Minderung der regulatorischen Risiken vermarktet die Gesellschaft die Anleihe in derzeit 13 verschiedenen Ländern.

Angesichts der breit angelegten Vertriebs- und Marketingstrategie des Wertpapiers, die nicht an einen bestimmten Markt gebunden ist, stuft die Gesellschaft die rechtlichen und regulatorischen Risiken als mittel ein. Die stufenweise Verabschiedung eines regulatorischen Rahmens wie der EU-MICA-Verordnung, die vom Europäischen Parlament im April 2023 verabschiedet wurde, wertet die Gesellschaft als einen positiven Schritt, der das Vertrauen der Anleger in Krypto-Assets stärken und die Vermarktung des Wertpapiers bei potenziellen Anlegern in Zukunft erleichtern dürfte.

3.3 Interne Kontroll- und IT-Risiken

Die Geschäftstätigkeit der Gesellschaft hängt in hohem Maße vom ordnungsgemäßen und kontinuierlichen Funktionieren ihrer informationstechnologischen ("IT") Infrastruktur ab, die im Wesentlichen durch ihre Dienstleister zur Verfügung gestellt wird. Die Risikomanagementmethoden der Gesellschaft beruhen auf einer Kombination von technischen und menschlichen Kontrollen und Überwachungen, die fehler- und versagensanfällig sein können.

Um das Verlustrisiko der Gesellschaft zu mindern, das sich aus internen Kontrollen, operationellen und IT-Risiken, wie z.B. Cybersicherheitsrisiken, unzureichenden oder fehlgeschlagenen internen Prozessen, Systemen oder menschlichem Versagen, oder aus externen Ereignissen ergibt, wurde eine umfassende Überprüfung der wichtigsten operationellen Arbeitsabläufe vorgenommen und die damit verbundenen Risiken wurden im Betriebsmodelleinkalkuliert.

Es gibt ein relativ einfaches Betriebsmodell, bei dem die Anleiheeinheiten zwischen der Gesellschaft und den „Authorised Parties“ gegen den Gegenwert von Bitcoin ausgetauscht werden. Dies geschieht durch einen automatisierten Verarbeitungs- und Validierungsprozess zwischen dem Administrator und der Verwahrstelle. Alle Bitcoin, die die Gesellschaft nach der Zeichnung durch eine „Authorised Party“ erhält, werden als Sicherheit auf eine von der Verwahrstelle betriebene Depotbank-Wallet übertragen. Diese Verwahrstelle speichert die für das Halten und die Transaktion von Bitcoins erforderlichen Anmeldeinformationen sicher. Es werden strenge Maßnahmen ergriffen, um die Sicherheit und Integrität dieser operativen Prozesse zu gewährleisten. So ist es dem Emittenten beispielsweise untersagt, Bitcoin-Beträge aus der „Depositary Wallet“ zu transferieren, und er kann auch keine Gelder aus diesem Wallet abheben, ohne eine Bestätigung vom Administrator zu erhalten.

Die Gesellschaft schätzt dieses Risiko als gering ein.

Vor der Einführung des Produkts fand eine operative Due-Diligence-Prüfung der IT-Kontrollen der Verwahrstelle statt. Anlässlich dieser operativen DD konnte FDAS nachweisen, dass sie über das entsprechende Fachwissen, die Organisationsstruktur, Governance, Ressourcen und Technologie verfügen, um die für dieses Produkt erforderlichen Krypto-Custody Services erbringen zu können.

Darüber hinaus wurde von unabhängiger Seite eine spezifische Due-Diligence-Prüfung durchgeführt, die sich auf die wichtigsten Technologien für digitale Vermögenswerte bezog, die die Bitcoin-Verwahrung unterstützen. Als Ergebnis wurde das Gesamtrisiko für FDAS als gering eingestuft.

3.4 Finanzielle Risiken

Sollte es der Gesellschaft nicht gelingen, ein angemessenes Maß an Anlegergeldern anzuziehen und einen ausreichenden Cashflow zu erwirtschaften, würde sich dies negativ auf ihre Fähigkeit auswirken, ihre Finanzierungsverpflichtungen (Zahlung von Dienstleistern, Darlehen usw.) zu erfüllen. Die Gesellschaft überwacht regelmäßig ihre Finanzlage und trifft Vorkehrungen, um bei Bedarf weitere Finanzierungen zu ermöglichen, um Betriebsdefizite zu finanzieren und Betriebsmittel bereitzustellen.

Der Bitcoin, der dem Wertpapier zugrunde liegt, ist vollständig durch verwahrte Bitcoin gedeckt. Die Vermögenswerte sind durch einen unabhängigen Sicherheitentreuhänder abgesichert, wodurch die Ansprüche der Anleger gemäß den Bedingungen der Inhaberschuldverschreibung abgesichert werden. Die Struktur des Wertpapiers setzt die Gesellschaft keinem weiteren Ausfallrisiko aus.

Wie in diesem Bericht bereits erläutert, hat FIL Distributors, eine hundertprozentige Tochtergesellschaft von FIL, zugestimmt, Darlehen und, falls erforderlich, andere Formen der Finanzierung bereitzustellen, um operative Verluste und Betriebsmittel zu finanzieren, bis das Produkt sich selbst tragen kann.

3.5 Chancenbericht

Das Wertpapier wird derzeit in 13 verschiedenen Ländern vermarktet. Die Vertriebstätigkeit wurde vor kurzem auch auf verschiedene asiatische Länder (Hong Kong und Singapur) ausgeweitet. Die Gesellschaft sieht sich gut positioniert, um in 2023 von einer erhöhten Nachfrage nach Kryptowährungen zu profitieren. Diese Annahme basiert auf dem Anstieg des Bitcoin-Kurses in den ersten Monaten des Jahres 2023 und der anhaltenden Tendenz zur Regulierung der zugrunde liegenden Kryptowährungen.

Die Inhaberschuldverschreibung ist auf aktive Anfrage eines lokalen Wertpapierhändlers, zugleich das größte globale Finanzdienstleistungsunternehmen, mittlerweile auch für den Vertrieb in Spanien zugelassen.

Fidelity wird mit Hilfe dieser Partnerschaft das Wertpapier zwar nicht direkt an Privatkunden vermarkten, aber den spanischen Finanzdienstleister dabei unterstützen, das Produkt seinen Endkunden anzubieten. Die Registrierung und Vermarktung des Wertpapiers in Spanien bietet die Möglichkeit, das verwaltete Vermögen und somit das Emissionsvolumen des Wertpapiers zu vergrößern.

Die Gesellschaft sieht die MiCA Verordnung als eine Möglichkeit, Bitcoin an die relevante Zielgruppe zu vermarkten. Die Möglichkeit für in einem EU-Mitgliedsstaat registrierte Unternehmen, ihre Produkte in ganz Europa anzubieten, ohne die Genehmigung der Regulierungsbehörden in allen 27 Mitgliedsstaaten einholen zu müssen, wertet die Gesellschaft als Chance allmählich das verwaltete Vermögen des Wertpapiers und durch die damit steigenden Verwaltungsgebühren letztlich die Umsatzerlöse zu steigern.

4. Prognosebericht

Obwohl es nicht möglich ist, das zukünftige wirtschaftliche Umfeld verlässlich zu prognostizieren, geht die Gesellschaft davon aus, dass 2023 ein Jahr der Neuausrichtung und des Wachstums des Marktes für digitale Vermögenswerte sein wird. Die Geschäftsführung erwartet einen moderaten Zuwachs der AUM im Jahr 2023, sie kontinuierlich an Dynamik gewinnen und in den kommenden Jahren deutlich in Richtung unserer Umsatzziele wachsen werden. Es wird erwartet, dass die Umsatzerlöse sich im gleichen Maß entwickeln werden, da die Verwaltungsgebühren insgesamt an das Wachstum der AUM gekoppelt sind

Die Gesellschaft geht davon aus, dass die zuvor genannten Ziele angesichts der Erholung des Bitcoin-Preises im Jahr 2023, einer größeren Vertriebsbasis zur Vermarktung der Inhaberschuldverschreibung sowie der Entwicklung hin zu einer Regulierung von Kryptowährungen erreicht werden.

16. Juni 2023



Fidelity Exchange Traded Products GmbH

Hanna Wagner

Geschäftsführerin

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

	Note	31 December 2022	31 December 2021
ASSETS		EUR	EUR
Current assets			
Non financial assets, designate in a fair value hedge	2.4	2.957.376,76	0,00
Trade and other receivables	2.5	21.063,45	0,00
Receivables from shareholders	2.5	35.000,00	35.000,00
Cash and cash equivalents	2.6	38.411,76	24.959,94
Total current assets		3.051.851,97	59.959,94
Prepaid expenses	2.7	5.905,72	5.245,45
TOTAL ASSETS		3.057.757,69	65.205,39
SHAREHOLDERS' EQUITY			
Share Capital		25.000,00	25.000,00
Capital reserve		35.000,00	35.000,00
Retained earnings		-85.871,05	0,00
Net loss for the financial year		-428.735,07	-85.871,05
TOTAL SHAREHOLDERS' EQUITY	5	-454.606,12	-25.871,05
LIABILITIES			
Current liabilities			
Financial liabilities valued at fair value	2.4	2.970.472,99	0,00
Liabilities to affiliated companies	2.8	373.876,62	0,00
Trade and other payables	2.9/6.1	49.311,70	59.838,94
Provisions	2.10/6.2	118.702,50	31.237,50
		3.512.363,81	91.076,44
TOTAL LIABILITIES		3.512.363,81	91.076,44
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3.057.757,69	65.205,39

Statement of Comprehensive Income

	Note	From 01 January 2022 to 31 December 2022	From 15 July 2021 to 31 December 2021
		EUR	EUR
Revenue	2.11/6.3	21.827,56	0,00
Selling, General & Administrative Expenses	6.5	-450.562,63	-85.871,05
RESULT BEFORE FAIR VALUE MOVEMENTS		-428.735,07	-85.871,05
Loss Arising on Fair Value of Bitcoin Wallets	8	-1.414.156,00	0,00
Loss Arising on Fair Value of Management Fee Payable		-21.063,45	0,00
Gain Arising on Fair Value of Bitcoins	9	1.435.219,45	0,00
OPERATING RESULT		-428.735,07	-85.871,05
Loss for the period before tax		-428.735,07	-85.871,05
Income tax benefit/(expenses)		0,00	0,00
LOSS FOR THE PERIOD AFTER TAX		-428.735,07	-85.871,05
Other comprehensive income		0,00	0,00
TOTAL COMPREHENSIVE INCOME		-428.735,07	-85.871,05

Statement of Cash Flows

	Note	From 01 January 2022 to 31 December 2022	From 15 July 2021 to 31 December 2021
		EUR	EUR
CASH FLOWS FROM OPERATIONS			
Profit / (Loss) for the period before tax		0,00	-85.871,05
Changes in working capital			
Decrease/(Increase) in non financial assets		0,00	0,00
Decrease/(Increase) in trade receivables		0,00	0,00
Decrease/(Increase) in provisions		87.465,00	31.237,50
Decrease/(Increase) in prepaid expenses		-660,27	-5.245,45
(Decrease)/Increase in trade and other payables		363.349,38	59.838,94
Decrease/(Increase) in other assets not attribute to investing or financing activities		13.096,23	0,00
NET CASH FLOWS FROM OPERATIONS		463.250,34	-40,06
CASH FLOWS FROM FINANCING			
Proceeds from issue of capital		0,00	0,00
cash in- and outflows		0,00	0,00
NET CASH FLOWS FROM FINANCING		0,00	0,00
Change in cash and cash equivalents		463.250,34	-40,06
Cash and cash equivalents at the beginning of the period		24.959,94	25.000,00
CASH AND CASH EQUIVALENTS AT THE END OF THE 31 December 2022	2.6	488.210,28	24.959,94

Statement of Changes in Equity

	Issued capital	Capital reserve	Retained earnings/(accumulated losses)	Foreign currency translation reserve	Total Equity
	EUR	EUR	EUR	EUR	EUR
Opening balance 15 July 2021	25.000,00	0,00	0,00	0,00	25.000,00
Allocation to capital reserve	0,00	35.000,00	0,00	0,00	35.000,00
Net income/(loss) for the period	0,00	0,00	-85.871,05	0,00	-85.871,05
Opening balance 01 January 2022	25.000,00	35.000,00	-85.871,05	0,00	-25.871,05
Allocation to capital reserve	0,00	0,00	0,00	0,00	0,00
Net income/(loss) for the period	0,00	0,00	-428.735,07	0,00	-428.735,07
Balance at 31 December 2022	25.000,00	35.000,00	-514.606,12	0,00	-454.606,12

Notes to the Financial Statements for the period from 01 January 2022 to 31 December 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**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities held at fair value through profit or loss according to IFRS 9; and the revaluation of Cryptocurrencies at fair value according to IAS 38 (Intangible assets).

These financial statements were approved for issuance by Corporate Director of the Company on 16 June 2023.

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

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
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	January 1, 2023	January 1, 2023	Assessment in progress
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	January 1, 2023	Assessment in progress
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	January 1, 2023	Assessment in progress
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	January 1, 2023	January 1, 2023	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	January 1, 2023	Assessment in progress

2.2 Going concern

The financial statements were prepared on the assumption that the company would continue as a going concern. 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 loan agreement 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 between FIL Distributors (FID) and Intertrust Nominees (Ireland) Limited (parent company) and another between Intertrust Nominees (Ireland) Limited and FETP was signed on 17 January 2023. The value of this Loan Facility is EUR 850,000. 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 until December 31 2023 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.

The executive director has assessed the assumption of going concern and has not identified any events and/or circumstances leading to its rebutting based among other on Fidelity International's three-year sales plan, which foresees that the revenues of FETP will grow and thus guarantee the profitability of the Company in the short term.

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 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. For the valuation of foreign currency receivables and payables the Company uses the exchange rates of the German tax authorities. For the cryptocurrency holdings a conversion rate was selected which was obtained by Reuters London Close and using the following conversion of EUR/USD and USD/MBC:

$$\begin{aligned}\text{EUR/USD fx rate 12/30/22} &= 1/1.0677 = 0.936593 \\ \text{USD/MBC rate} &= 0.016545\end{aligned}$$

$$\text{EUR/MBC rate} = \{ 0.016545 * 0.936593 \} = 0.015496$$

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.

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

2.4 Fair value Bitcoin and Bitcoin Wallets

Bitcoin Wallets (i) Issue and Redemption

Upon initial recognition and the receipt of the Bitcoin Wallets, they are recorded at fair value using the Quoted Price. Upon redemption of the BTC (crypto-currency backed-bond in Bitcoins) and the transfer out of the Bitcoin Wallets, the attributable cost shall be calculated in accordance with the average cost methodology, and the overall cost reduced accordingly to represent the de-recognition of the Bitcoin Wallets. Any previously recognised gains on the Bitcoin Wallets is de-recognised as a result of the transfer are reclassified to retained earnings.

ii) Subsequent Measurement

An increase in fair value is recorded first through Profit or Loss in respect of any previous impairment recognised being reversed, with any further gains being recognised through Other Comprehensive Income. A decrease in fair value is recorded first through Other Comprehensive Income in respect of any previous gains recognised being reversed, with any further impairment being recognised through Profit or Loss.

Fair Value Bitcoin backed bonds i) Issue and Redemption Each time a BTC (can be redeemed anytime) is issued or redeemed by the Company a corresponding amount of the corresponding Bitcoin Wallet is transferred into or from the relevant secured account held by the Custodian. Upon initial recognition, the fair value is recorded using the Quoted Price applied to the Bitcoin Wallet transferred. Financial liabilities are recognised and de-recognised on the transaction (trade) date.

ii) Pricing IFRS 13 requires the Company to identify the principal market and to utilise the available price within that principal market according to the Prospectus. The Company considers that the stock exchanges where the BTC are listed to be the principal market and as a result the fair value of the BTC is the on-exchange price as quoted on those stock exchanges demonstrating active trading. The BTC are priced using the closing mid-market price on the Statement of Financial Position date.

iii) Classification at fair value through Profit or Loss The BTC comprise a financial instrument whose redemption price is linked to the value of the underlying Bitcoin Wallet. The BTC are therefore classified as liabilities at fair value through profit or loss under IFRS 9 due to an embedded derivative. This also significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different bases. In accordance with IFRS 9, embedded derivatives (put option to deliver cryptocurrencies) are not separated for accounting purposes if the non derivative host is a financial instrument and the classification of criteria of IFRS 9 is applied to the instrument as a whole.

2.5 Trade and other receivables and receivables from shareholders

Trade and other receivables and receivables from shareholders 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 includes only cash at bank.

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 relating to the following year. Discounts on this positions were not required.

2.8 Liabilities to affiliated companies

FIL Distributors has granted a loan of EUR 140,000.00 to the Company. Furthermore, the company has paid invoices for the reporting company in the amount of EUR 233,876.62, so that the liability totals EUR 373,876.62. 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 measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

2.11 Revenue recognition

The Company derives its revenues over time (in respect of Management Fees), and at a point in time (in respect of order fees). It is entitled to a Management Fee which is calculated by reducing the Entitlement of the securities on a daily basis by an agreed amount and order fees on the issue and redemption of the Securities. During the period, the Company did not generate revenues from order fees. It recognizes 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. The Company is entitled to receive Management fees for the services provided in connection with the bonds issued and the managed cryptocurrencies according to the Prospectus.

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.

IAS 38 - Intangible Assets The Company holds undated BTC equal to the amount due to holders of the undated Bitcoin wallets solely for the purposes of meeting its obligations. Whilst the IFRS Interpretation Committee issued an agenda decision on the accounting for cryptocurrencies in June 2019, there is no one standard under IFRS which details how cryptocurrencies are to be accounted for. Following a review of the facts and circumstances, the Company has determined that the Bitcoin backed wallets fall within the scope of IAS 38 Intangible Assets. Following on from this determination the Company have accounted for the Bitcoin wallets under the IAS 38 revaluation model being it's fair value on the basis there is an active market for the transfer and sale of the Bitcoin wallets that the Company holds. The Bitcoin wallets are held to provide the security holders with the exposure to changes in the fair value of the BTC and therefore the Company consider that carrying the Bitcoin Wallets at fair value reflects the objectives and the purpose of holding the asset. In connection with the stock in cryptocurrency the Company has entered into a contract with a depository for safekeeping the cryptocurrencies.

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 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 31 December 2022, the balance sheet items are in EUR and do not bear any significant currency risk.

As at 31 December 2022, most of the assets and liabilities refer to the Bitcoins and therefore are not related to any currency in common sense. The remaining 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. The BTC are backed by Bitcoins which provide evidence of liquidity of the bonds and therefore the Company is not facing any liquidity risk.

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.

4.3 Fair values

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

4.3.1 Fair Value Hierarchy

The Company has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels as defined under IFRS 13:

Level 1 : Fair Values based on Market Prices in active markets for identical assets.

Level 2: Fair Values based on valuation techniques using observable inputs other than quoted prices

Level 3: Fair Values based on valuation techniques using inputs that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The Company is required to utilise the available on market prices as the BTC are quoted and actively traded on the open market. Therefore the BTC are classified as Level 1 Financial Liabilities.

The Company holds Bitcoin Wallets to support the BTC as determined by the Entitlement. (Which is calculated in accordance with an agreed formula published in the Prospectus). Bitcoin Wallets are revalued to fair value using the Quote Price. **Therefore the Bitcoin Wallets are classified as Level 1 Assets as the value is calculated using third party sources.**

	Fair Value as at 31 December 2022	Fair Value as at 31 December 2021
	EUR	EUR
Level 1 Liabilities - BTC measured at Fair value through P&L	2.970.473	-

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have occurred at the beginning of the financial year. There were no transfers between levels as at 31 December 2022.

Note 5 - Equity**Share capital**

As of 31 December 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 well as the loss carried forward EUR 85,871.05 and the net loss for the year in the amount of EUR 428,735.07. The net loss not covered by equity amounts to EUR 454,606.12.

As of the reporting date, the company reported a negative equity of 454,605.12 Euro.

Note 6 – Notes to the Financial statements**6.1 Trade and other payables**

As of 31 December 2022, trade and other payables include EUR 49,311.70 payables to related parties for services received and VAT.

6.2 Provisions

As of 31 December 2022, provisions include EUR 118,702.50 for accrued expenses. These consist of EUR 118,702.50 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 263,207.14, bookkeeping and auditing in the amount of EUR 168,790.13 and other expenses in the amount of EUR 18,536.04.

Note 7 - Audit fees

The audit fees for the financial period ending 31 December 2022 amount to EUR 118,702.50.

Note 8 - Bitcoin Wallets

	31 December 2022
	EUR
Loss Arising on the Fair Value of Bitcoin Wallets	1.414.156
Realised Gain	21.063
Unrealised Loss	-1.435.219
Bitcoin Wallets at Fair Value	<u>2.957.377</u>

As at 31 December 2022, there were no amounts of Bitcoin Wallets awaiting the settlement in respect of the creation or redemption of BTC with transaction dates before the period end and settlement dates in the following period. The below reconciliation of changes in Bitcoin Wallets includes only non-cash changes. The investors are not exposed to credit risk arising from Fidelity Exchange Traded Products GmbH due to the fact that the assets are backed by cryptocurrencies which are held at the depository. The only risk is the depository risk.

	31 December 2022	31 December 2021
	EUR	EUR
Opening Bitcoin Wallets	-	-
Additions	4.522.426	-
Disposals	-2.958.142	-
Transfer to Bitcoin Wallets held in Respect of Management Fees	-21.063	-
Change in Fair Value	1.414.156	-
Closing Bitcoin Wallets	<u>2.957.377</u>	-

9. BTC at Fair Value

As at 31 December 2022, there was one transfer awaiting settlement. The fair values and changes thereof during the period based on prices available on the open market as recognised in the financial statements are:

	31 December 2022
	EUR
Net Gain Arising on the Fair Value of the BTC	1.427.252
Realised Gain	21.063
Unrealised Gain	1.406.189
BTC at Fair Value	<u>2.970.473</u>

	31 December 2022	31 December 2021
	EUR	EUR
Opening BTC at FV	-	-
Additions	4.522.426	-
Disposals	-2.957.377	-
Transfer to BTC held in Respect of Management Fees	-21.828	-
Change in Fair Value	1.427.252	-
Closing BTC at FV	<u>2.970.473</u>	-

Hamburg, 16 June 2023



Hanna Wagner
Managing Director

[Translator's notes are in square brackets]

General Engagement Terms

for

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

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1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term "Textform" means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.