

Statement of Financial Position
for
Fidelity Exchange Traded Products GmbH
Register court: Hamburg, HRB 168990
Seat: Hamburg
as of
30 June 2023

	Note	30. Jun 23	31 December 2022
ASSETS		EUR	EUR
Current assets			
Non financial assets	2.4	7.104.892,58	2.957.376,76
Trade receivables	2.5	42.217,88	21.063,45
Other receivables	2.5	18.500,43	0,00
Receivables from shareholders	2.5	35.000,00	35.000,00
Cash and cash equivalents	2.6	55.385,54	38.411,76
Total current assets		7.255.996,43	3.051.851,97
Prepaid expenses	2.7	16.015,18	5.905,72
TOTAL ASSETS		7.272.011,61	3.057.757,69
SHAREHOLDERS' EQUITY			
Share Capital		25.000,00	25.000,00
Capital reserve		35.000,00	35.000,00
Retained earnings		-514.606,12	-85.871,05
Net loss for the financial year		-364.241,67	-428.735,07
TOTAL SHAREHOLDERS' EQUITY	5	-818.847,79	-454.606,12
LIABILITIES			
Current liabilities			
Financial liabilities valued at fair value	2.4	7.141.428,91	2.970.472,99
Liabilities to affiliated companies	2.8	813.876,62	373.876,62
Trade and other payables	2.9/6.1	74.803,87	49.311,70
Provisions	2.10/6.2	60.750,00	118.702,50
		8.090.859,40	3.512.363,81
TOTAL LIABILITIES		8.090.859,40	3.512.363,81
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7.272.011,61	3.057.757,69

Statement of Comprehensive Income

	Note	From 01 January 2023 to 30 June 2023	From 01 January 2022 to 30 June 2022
		EUR	EUR
Revenue	2.11/6.3	21.154,43	12.454,63
Selling, General & Administrative Expenses	6.5	-385.396,10	-160.272,90
RESULT BEFORE VALUE MOVEMENTS		-364.241,67	-147.818,27
Loss Arising on Fair Value of Bitcoin Wallets	8	-2.416.953,67	0,00
Loss Arising on Fair Value of Management Fee Payable	8	-21.154,43	0,00
Net Loss Arising on Fair Value of Financial liabilities	8	2.438.108,10	0,00
OPERATING RESULT		-364.241,67	-147.818,27
Loss for the period before tax		-364.241,67	-147.818,27
Income tax benefit/(expenses)		0,00	0,00
LOSS FOR THE PERIOD AFTER TAX		-364.241,67	-147.818,27

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 01 December 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
Opening balance 01 January 2023	25.000,00	35.000,00	-514.606,12	0,00	-454.606,12
Allocation to capital reserve	0,00	0,00	0,00	0,00	0,00
Net income/(loss) for the period	0,00	0,00	-364.241,67	0,00	-364.241,67
Balance at 30 June 2023	<u>25.000,00</u>	<u>35.000,00</u>	<u>-878.847,79</u>	<u>0,00</u>	<u>-818.847,79</u>

Statement of Cash Flows

	From 01 January 2023 to 30 June 2023	From 01 January 2022 to 30 June 2022
Note		
	EUR	
	-364.241,67	-147.818,27
	0,00	0,00
	-21.154,43	-12.454,63
	-57.952,50	11.900,00
	-10.109,46	-4.147,70
	446.991,74	145.089,17
	0,00	0,00
	-6.466,32	-7.431,43
	0,00	0,00
	23.440,10	7.042,66
	23.440,10	7.042,66
	16.973,78	-388,77
	38.411,76	24.959,94
2.5	55.385,54	24.571,17

Notes to the Financial Statements for the period from 01 January 2023 to 30 June 2023

Note 1 - Corporate information

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

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

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation and adoption of IFRS

These 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 the Corporate Director of the Company on 31.08.2023

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

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

New regulation	Effective for annual periods beginning on or after	In EU effective for annual periods beginning on or after	Company's assessment of the regulation
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
Amendments to IAS 1 Presentation of Financial Statements: <ul style="list-style-type: none"> • Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020); • Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and • Non-current Liabilities with Covenants (issued on 31 October 2022) 	January 1, 2024	January 1, 2023	Assessment in progress
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)	January 1, 2024	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. FETP received also in first half 2023 the total amount of EUR 440,000.00 as loan.

An additional loan agreement is in the process of being drafted between FIL Distributors (FID) and Intertrust Nominees (Ireland) Limited and another between Intertrust Nominees (Ireland) Limited and FETP was signed on 17 January 2023. The value of this Loan Facility is EUR 850,000. FETP has drawn down the amount of 440,000 Euros so far in 2023.

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

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 by the European Central Bank ("ECB") as at the date preceding the date of transaction - in case of settlements of receivables and payables and other transactions, the actual spot rate applied as at this date resulting from the type of transaction - in case of foreign currency purchases and sales. 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:

EUR/USD fx rate 06/30/23 = 1/1.091
= 0.916337
USD/MBC rate = 0.030073
EUR/MBC rate = 0.027557

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

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

2.6 Cash and cash equivalents

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

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

2.7 Prepaid expenses

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

2.8 Liabilities to affiliated companies

FIL Distributors has granted a loan of EUR 440,000.00 (py 70,000.00) to the Company. Furthermore, the company has paid invoices for the reporting company in the amount of EUR 303,876.62, so that the liability totals EUR 813,876.62. 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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 less impairment with a maturity up to one year are assumed to approximate their fair values.

Note 4 - Financial risk management

4.1 Financial risk factors

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

4.1.1 Currency risk

As at 30 June 2023, the balance sheet items are in EUR and do not bear any significant currency risk.

As at 30 June 2023, 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.

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.

Level 1 Liabilities - BTC measured at Fair value through P&L	Fair Value as at 30	Fair Value as at 31
	June 2023	December 2022
	7.141.429	2.970.473

Transfers between levels of the fair value hierarchy, for the purpose of preparing the above table, are deemed to have
There were no transfers between levels as at 30 June 2023

Note 5 - Equity

Share capital

As of 30 June 2023, 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 514,606.12 and the net loss for the year in the amount of EUR 364,241.67. As of the reporting date, the company reported a negative equity of 818,847.79 Euro.

Note 6 – Notes to the Financial statements

6.1 Trade and other payables

As of 30 June 2023, trade and other payables include EUR 74,803.87 payables to related parties for services received and VAT.

6.2 Provisions

As of 30 June 2023, provisions include as EUR 59,000.00 for accrued expenses.

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 92,433.81, bookkeeping and auditing in the amount of EUR 246,200.86 and other expenses in the amount of EUR 46,760,10 .

Note 7 - Audit fees

The audit fees for the financial period ending 30 June 2023 amount to EUR 60,750.00

Note 8 - Bitcoin Wallets

	30. Jun 23 EUR	31 December 2022 EUR
Loss Arising on the Fair Value of Bitcoin Wallets	2.416.954	1.414.156
Realised Gain	21.154	21.063
Unrealised Loss	-2.438.108	-1.435.219
Bitcoin Wallets at Fair Value	<u>7.104.893</u>	<u>2.957.377</u>

As at 30 June 2023, there were no amounts of Bitcoin Wallets awaiting the settlement in respect of the creation or

	30. Jun 23 EUR	31 December 2022 EUR
Opening Bitcoin Wallets	2.957.377	-
Additions	1.751.716	4.522.426
Disposals	-	-2.958.142
Transfer to Bitcoin Wallets held in Respect of Management Fees	-21.154	-21.063
Change in Fair Value	2.416.954	1.414.156
Closing Bitcoin Wallets	<u>7.104.893</u>	<u>2.957.377</u>

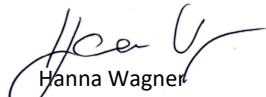
9. BTC at Fair Value

As at 30 June 2023, 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:

	30. Jun 23 EUR	31 December 2022 EUR
Net Gain Arising on the Fair Value of the BTC	2.440.394	1.427.252
Realised Gain	21.154	21.063
Unrealised Gain	2.419.240	1.406.189
BTC at Fair Value	7.141.429	2.970.473

	30. Jun 23 EUR	31 December 2021 EUR
Opening BTC at FV	2.970.473	-
Additions	1.751.716	4.522.426
Disposals	-	-2.957.377
Transfer to BTC held in Respect of Management Fees	-21.154	-21.828
Change in Fair Value	2.440.394	1.427.252
Closing BTC at FV	7.141.429	2.970.473

Hamburg, 31 August 2023


Hanna Wagner
Managing Director