

Bitcoin Capital AG Zug

Report of the Statutory Auditor

on the Financial Statements as of 31 December 2021



Report of the Statutory Auditor to the General Meeting of

Bitcoin Capital AG, Zug

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Bitcoin Capital AG, which comprise the balance sheet as at 31 December 2021, the income statement, the statement of changes in equity, the cash flow statement and notes to the financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Emphasis of Matter

We draw attention to Note 8.2 to the financial statements which indicates that the company incurred a net loss for the financial year ended 31 December 2021. This fact together with other matters disclosed in Note 8.2 indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Should the going concern assumption no longer be appropriate, the financial statements would have to be prepared based on liquidation values. In this case a serious concern of over-indebtedness in the sense of article 725 para. 2 CO would exist and the relevant provisions would have to be complied with. Our opinion is not qualified in respect of this matter.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Furthermore, we draw attention to the fact that half of the share capital and legal reserves are no longer covered (article 725 para. 1 CO).

Zurich, 14 June 2022
Grant Thornton AG

Markus Eugster
Licensed Audit Expert
(Auditor in Charge)

Henning Goeck

Enclosure:

- financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes)

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Financial Statement as per 31.12.2021

Bitcoin Capital AG

6300 Zug

Zug, March 2022

BALANCE SHEET

31.12.2021

31.12.2020

CHF

CHF

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	33'904.43	0.00
Other current receivables		
- Loans to parent company in CHF	0.00	100'000.00
- Loans to parent company in ETH (140.16)	0.00	91'234.61
- Current account parent company	416'110.52	91'692.09
- ETP Portfolio Assets	16'461'052.15	3'753'803.45
Accrued income and prepaid expenses	25'000.00	0.00
	<u>16'936'067.10</u>	<u>4'036'730.15</u>
Total current assets		
	<u>16'936'067.10</u>	<u>4'036'730.15</u>
TOTAL ASSETS	<u>16'936'067.10</u>	<u>4'036'730.15</u>

BALANCE SHEET

31.12.2021

31.12.2020

CHF

CHF

LIABILITIES AND SHAREHOLDERS' EQUITY**CURRENT LIABILITIES**

Other current liabilities

- Third parties

33'635.32

0.00

- ETP Portfolio liabilities

16'461'052.15

3'753'803.45

Deferred income and accrued expenses

30'000.00

47'100.00

Total current liabilities

16'524'687.47

3'800'903.45

NON-CURRENT LIABILITIES

Other non-current liabilities

- parent company (subordinated)

350'000.00

0.00

Total non-current liabilities

350'000.00

0.00

TOTAL LIABILITIES

16'874'687.47

3'800'903.45

SHAREHOLDERS' EQUITY

Share capital

100'000.00

100'000.00

Capital reserves

27'500.87

27'500.87

Net retained earnings / Accumulated losses (-)

-66'121.24

108'325.83

- Retained earnings brought forward

108'325.83

0.00

- Profit / Loss (-) for the year

-174'447.07

108'325.83

TOTAL SHAREHOLDERS' EQUITY

61'379.63

235'826.70

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**16'936'067.10****4'036'730.15**

INCOME STATEMENT

	2021	05.03.2020 - 31.12.2020
	CHF	CHF
Net revenues from Active ETP	1'297'166.07	244'210.43
Other operating income	<u>165'000.00</u>	<u>0.00</u>
Total operating income	1'462'166.07	244'210.43
Cost of services	<u>-1'086'741.47</u>	<u>-117'972.69</u>
Gross profit	375'424.60	126'237.74
Personnel expenses	-268'755.71	-24'435.65
Rental expenses	-10'882.26	0.00
General administration expenses	-101'864.76	0.00
Marketing expenses	-160'910.05	0.00
Other operating expenses	<u>-3'329.92</u>	<u>-44'630.00</u>
Earnings before interests and taxes (EBIT)	-170'318.10	57'172.09
Financial expenses	-6'451.42	0.00
Financial income	0.00	4'520.00
Exchange rate differences (net)	<u>0.00</u>	<u>63'733.74</u>
Earnings before taxes (EBT)	-176'769.52	125'425.83
Income taxes	<u>2'322.45</u>	<u>-17'100.00</u>
PROFIT / LOSS (-) FOR THE YEAR	<u>-174'447.07</u>	<u>108'325.83</u>

Cash flow statement

(in Swiss francs)

	2021	05.03.2020 - 31.12.2020
	CHF	CHF
Profit / loss for the year	-174'447.07	108'325.83
Change in other current receivables	-324'418.43	-91'692.09
Change ETP Crypto Assets	-12'707'248.70	-3'753'803.45
Change in Accrued income and prepaid expenses	-25'000.00	0.00
Change in other current liabilities	33'635.32	0.00
Change in accrued expenses and deferred income	-17'100.00	47'100.00
Cash flow from operating activities	-13'214'578.88	-3'690'069.71
Cash Flow from investing activities	0.00	0.00
Change in liabilities ETP Portfolio	12'707'248.70	3'753'803.45
Change in non-current liabilities	541'234.61	-191'234.61
Inflows from issue of share capital / capital increase	0.00	127'500.87
Cash flow from financing activities	13'248'483.31	3'690'069.71
Total Cash flow	33'904.43	0.00
Cash and cash equivalents at the beginning of the period	0.00	0.00
Cash and cash equivalents at the end of the period	33'904.43	0.00
Change in cash and cash equivalents	33'904.43	0.00

Statement of changes in equity
 (in Swiss francs)

	31.12.2021	31.12.2020
	CHF	CHF
Share capital	100'000.00	100'000.00
Capital contribution reserves	27'500.87	27'500.87
Retained earnings brought forward	108'325.83	0.00
Profit/ loss for the period	-174'447.07	108'325.83
Total equity	61'379.63	235'826.70

NOTES TO THE FINANCIAL STATEMENTS

31.12.2021

31.12.2020

CHF

CHF

1. General information

Bitcoin Capital AG is a limited company under Swiss law with its registered office in Zug. It is an issuer of Exchange Traded Products ("ETPs") on the SIX Swiss Exchange. The financial statements are presented in Swiss Francs.

2. Basis of preparation

The company's financial statements are presented in accordance with the Swiss GAAP FER accounting standards and therefore provide a true and fair view of the financial position, the results of operations and the cash flows. The company is required to comply with and apply the standards of Core-FER.

Valuation principles are based on fair values. Assets and liabilities are valued individually and are not netted.

The financial statements are approved on 31.05.2022

2.1. Foreign currency conversions

Transactions in foreign currencies are converted at the respective current rates, monetary assets and liabilities in foreign currencies at balance sheet date rates. The resulting foreign exchange gains or losses are recorded in the income statement.

2.2. Cash and cash equivalents

Cash and cash equivalents are recognised at their nominal value.

2.3. Other current receivables

There are no outstanding receivables as of 31.12.2021, with the exception of those due from related parties. As of 31.12.2021, these have been subject to a higher interest rate than required by the Federal Tax Authority (FTA).

The company has receivables from the parent company FICAS AG in Zug amounting to CHF 416'110.52 (2020: CHF 282'926.19).

The balance per 31.12.2020 comprises a loan amounting to CHF 100'000, a receivable of ETH 140.16 with a corresponding value of CHF 91'234.16 and a current account amounting to CHF 91'692.09.

2.4. Securities

The Company did not hold any securities during the year under review.

3. ETP Portfolio

ETP Crypto Assets - the Company does not hold any of its own shares in ETPs.

The ETP Crypto assets in the balance sheet consist of the following:

Asset	Stock on hand		CHF	
	2021	2020	2021	2020
Cash CHF	68'581.97	-1'505.65	68'581.97	-1'505.65
Cash USD	0.00	786'216.96	0.00	694'971.76
Bitcoin	339.77	42.03	14'792'609.73	1'070'757.54
Etherum	260.95	1'359.99	896'868.21	885'263.18
Litecoin	0.00	9'998.45	0.00	1'104'316.61
XTZ Tesos	171'212.90	0	702'992.24	
Total			16'461'052.15	3'753'803.45

3.1. Foreign currency gains/losses from ETP assets and ETP liabilities

The FC profits/losses are offset against each other, as they do not affect the company's result.

NOTES TO THE FINANCIAL STATEMENTS

31.12.2021

31.12.2020

CHF

CHF

3.2. Liabilities towards the ETP investors

When valuing the units of the ETP investors, these are adjusted to the market value at year end.
 The ETP Crypto Assets are subject to retention of title by the ETP Investors.
 These are pledged/assigned to NGS Attorney at Law in order to guarantee the legal claims of the investors at all times.

3.3. Subordinated long-term interest bearing loan shareholder

An amount of totally CHF 350'000 out of the loan has been subordinated to all other existing and future claims of other creditors against Bitcoin Capital AG.

The subordination is irrevocable and can only be terminated if a balance sheet audited in accordance with Swiss Auditing Standards shows that Bitcoin Capital AG meets all its capital adequacy requirements.

4. Revenues at the Company**4.1. Revenue recognition**

The Company's revenues streams are directly related to management of the investor's ETP portfolio. For its services, the Company is compensated with management and performance fees on a quarterly basis.

5. Concluding remarks**5.1. Events after the balance sheet date**

Following the balance sheet date and until the adoption of the annual financial statements by the Shareholders Meeting, no significant events occurred that could affect the informative value of the 2021 annual financial statements or which could be disclosed herein.

5.2. Going-concern assumption

The company generated in 2021 a loss of 174'447.07 CHF resulting in equity of 61'379.63 CHF on 31.12.2021. The Board called an Extraordinary Shareholder Meeting on 17.08.2021 to inform the shareholder on capital losses below the the half of the capital in compliance with art. 725 para 1 CO and the restructuring plan. The shareholder there agreed to ensure sufficient financial means for the next two financial years with a maximum of additional 3'000'000 CHF. These financial means may be called and employed as required to complete the startup phase the company is still in and until assets under management and related management fees have grown enough to self-sustain the business. The restructuring plan of the Board of Directors is focused on cost savings and sales activities remunerated upon results. The company moreover has receivables from the parent company for 416'110.52 CHF. In view of the current 2022 operating budget, the company will probably have to rely on further shareholder loans to cover liquidity needs. Having the Board of Directors no reason to believe the shareholder will not or will not be able to fulfill his engagement and the decided cost savings, it was decided to compile the financial statements on a going concern basis.