

Bitcoin Capital AG Zug

Report of the Statutory Auditor
to the General Meeting of the Shareholders

Financial Statements for the year ended December 31, 2022



Report of the Statutory Auditor

To the General Meeting of the Shareholders of
Bitcoin Capital AG, Zug

Opinion

We have audited the financial statements of Bitcoin Capital AG (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, the statement of changes in equity and the cashflow statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern

We draw attention to Note 11.2 to the financial statements which indicates that the company incurred a net loss of CHF 1,156,266 for the financial year ended 31 December 2022 and total liabilities exceeded total assets by CHF 1,094,887. These facts together with other matters disclosed in Note 11.2 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. Our opinion is not qualified in respect of this matter.

Other matter

Furthermore, we draw attention to the fact that Bitcoin Capital AG is over-indebted as per Article 725b para. 3 CO. Due to the fact that the company's creditors subordinated their claims amounting to CHF 1,093,711 and as the main shareholder has carried out sustainable financial restructuring subsequent to the balance sheet date and has provided a financial guarantee and subordination agreement for the next 12 months, the Board of Directors has refrained from notifying the court.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements, financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss GAAP FER and the legal requirements and that give a true and fair view, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of 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 our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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.

Zurich, 10 August 2023

Grant Thornton Ltd.

Markus Eugster
Audit expert
Auditor in charge

Henning Goeck
Auditor

Enclosure:

- Financial statements (balance sheet, income statement, statement of changes in equity, cashflow statement and notes)

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Financial Statement as per 31.12.2022

Bitcoin Capital AG

6300 Zug

BALANCE SHEET

31.12.2022

31.12.2021

CHF

CHF

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	23'971.84	33'904.43
Trade receivables		
- Third parties	22'020.08	0.00
Other current receivables		
- Current account parent company	30'510.00	416'110.52
- ETP Portfolio Assets	3'950'838.77	16'461'052.15
Accrued income and prepaid expenses	17'500.00	25'000.00
Total current assets	<u>4'044'840.69</u>	<u>16'936'067.10</u>

NON-CURRENT ASSETS

Tangible assets		
- Furniture and equipment	1.00	0.00
Total non-current assets	<u>1.00</u>	<u>0.00</u>

TOTAL ASSETS**4'044'841.69****16'936'067.10**

BALANCE SHEET

31.12.2022

31.12.2021

CHF

CHF

LIABILITIES AND SHAREHOLDERS' EQUITY**CURRENT LIABILITIES**

Other current liabilities

- Third parties

65'523.39

33'635.32

Deferred income and accrued expenses

29'655.00

30'000.00

ETP Portfolio liabilities

3'950'838.7716'461'052.15

Total current liabilities

4'046'017.1616'524'687.47**NON-CURRENT LIABILITIES**

Other non-current liabilities

- parent company (subordinated)

1'093'711.53350'000.00

Total non-current liabilities

1'093'711.53350'000.00

TOTAL LIABILITIES

5'139'728.6916'874'687.47**SHAREHOLDERS' EQUITY**

Share capital

100'000.00

100'000.00

Legal capital reserves

- Capital contribution reserves

27'500.87

27'500.87

Voluntary reserves

- Accumulated losses (-) prior year

-66'121.24

108'325.83

- Profit / Loss (-) for the year

-1'156'266.63-174'447.07

TOTAL SHAREHOLDERS' EQUITY

-1'094'887.0061'379.63**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY****4'044'841.69****16'936'067.10**

INCOME STATEMENT

	2022	2021
	CHF	CHF
Net revenues from Active ETP Q3/Q4	146'844.08	1'297'166.07
Other income	-24'996.15	165'000.00
Net sales	121'847.93	1'462'166.07
Cost of services	-217'017.22	-1'086'741.47
Operating income	-95'169.29	375'424.60
Personnel expenses	-372'263.75	-268'755.71
Rental expenses	-58'974.58	-10'882.26
General administration expenses	-259'071.72	-101'864.76
Marketing expenses	-304'129.36	-160'910.05
Other operating expenses	-37'129.55	-3'329.92
Earnings before interests, taxes, depreciation and amortization (EBITDA)	-1'126'738.25	-170'318.10
Depreciation of fixed assets	-5'671.65	0.00
Earnings before interests and taxes (EBIT)	-1'132'409.90	-170'318.10
Financial expenses	-14'819.26	-6'451.42
Financial income	160.10	0.00
Exchange rate losses	-12'417'417.38	0.00
Exchange rate income	12'417'417.38	0.00
Earnings before taxes and non-operating expenses	-1'147'069.06	-176'769.52
Extraordinary and non-period expenses	-8'821.52	0.00
Earnings before taxes (EBT)	-1'155'890.58	-176'769.52
Income taxes	-376.05	2'322.45
PROFIT / LOSS (-) FOR THE YEAR	-1'156'266.63	-174'447.07

Cash flow statement

(in Swiss francs)

	2022	2021
	CHF	CHF
Net result of the period	-1'156'266.63	-174'447.07
Change in trade receivables	-22'020.08	0.00
Change in other current receivables	385'600.52	-324'418.43
Change ETP Crypto Assets	12'510'213.38	-12'707'248.70
Change Tangible Assets	-1.00	0.00
Change in accrued expenses and prepaid expenses	7'500.00	-25'000.00
Change in other current liabilities	31'888.07	33'635.32
Change in accrued expenses and deferred income	-345.00	-17'100.00
Cash flow from operating activities	11'756'569.26	-13'214'578.88
Cash Flow from investing activities	0.00	0.00
Change in liabilities ETP Portfolio	-12'510'213.38	12'707'248.70
Change in non-current liabilities	743'711.53	541'234.61
Inflows from issue of share capital / capital increase	0.00	0.00
Cash flow from financing activities	-11'766'501.85	13'248'483.31
Total Cash flow	-9'932.59	33'904.43
Cash and cash equivalents at the beginning of the period	33'904.43	0.00
Cash and cash equivalents at the end of the period	23'971.84	33'904.43
Change in cash and cash equivalents	9'932.59	33'904.43

Statement of changes in equity

(in Swiss francs)

	31.12.2022	31.12.2021
	CHF	CHF
Share capital	100'000.00	100'000.00
Capital contribution reserves	27'500.87	27'500.87
Retained earnings / Accumulated Losses (-)	-66'121.24	108'325.83
Statutory reserves	0.00	0.00
Other free reserves	0.00	0.00
Profit/ loss of the period	-1'156'266.63	-174'447.07
Total equity	-1'094'887.00	61'379.63

NOTES

31.12.2022

31.12.2021

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 ETPs on the SIX Swiss Exchange. The financial statements are presented in Swiss Francs.

2. Basics of the creation

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

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

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.

2.3. Other current receivables

There are no outstanding receivables as of 31.12.2022, with the exception of those due from related parties. As of 31.12.2022, these have been subject to a higher interest rate than required by the FTA. The company has receivables from the parent company FICAS AG in Zug amounting to CHF 30'510

2.4. Securities

The Company did not hold any securities during the period 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 as of 31.12.2022 consist of the following:

Asset as per 31.12.2022	Stock	CHF
Cash CHF	267'871.06	267'871.06
Cash USD		
Bitcoin	169.25	2'587'884.39
Ethereum	922.05	1'095'964.65
Litecoin		
XTZ Tezos	0.00	0.00
Asset management fees		-881.33
Total		3'950'838.77
Asset as per 31.12.2021	Stock	CHF
Cash CHF	68'581.97	68'581.97
Cash USD		
Bitcoin	339.77	14'792'609.73
Ethereum	260.95	896'868.21
Litecoin		
XTZ Tezos	171'212.90	702'992.24
Total		16'461'052.15

NOTES

	31.12.2022	31.12.2021
	CHF	CHF
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.		
3.2. Liabilities towards the ETP investors		
When valuing the units of the ETP investors, these are adjusted to the market value as of 31.12.2022. 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 1'093'711.53 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. Income at the Company		
4.1. Income of the company		
The Company's revenues streams are directly related to management of the investor's ETP portfolio. For the services, the Company is compensated with management and performance fees on a quarterly basis.		
5. Liabilities rental agreements for office and storage	41'490.00	0.00
6. Liabilities toward employee benefits institutions	8'190.00	21'228.95
7. Audit fees	25'000.00	30'000.00
8. Explanations to extraordinary, one-time or non-period expenses in the financial statements		
This position contains		
Adjustment of balance carried forward	8'821.52	0.00
	8'821.52	0.00
9. Total amount of assets assigned or pledged as security for own liabilities including assets to which title has been reserved		
Guarantee commitment / cession from FICAS AG	700'000.00	0.00
10. Average number of employees		
The company has not more than an average of 10 full-time positions over the year.		
11. Concluding remarks		
11.1 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 2022 annual financial statements or which could be disclosed herein.		

NOTES

31.12.2022 31.12.2021

CHF

CHF

11.2 Going-concern assumption

In 2022, the company incurred a loss of 1,156,266.63 CHF, resulting in negative equity of 1,094,887.00 CHF as of December 31, 2022. To address these losses, the company obtained subordinated shareholder loans totaling 1,093,711.53 CHF, in accordance with Article 725, paragraph 2 of the Swiss Code of Obligations. The Board is aware of the capital losses being less than half of the capital, as stipulated by Article 725, paragraph 1 of the Swiss Code of Obligations, and has implemented a restructuring plan.

As of May 31, 2023, the shareholder contributed a capital increase of 1,274,773.33 CHF and waived the outstanding loans. This action successfully eliminated the negative accumulated losses from the company's balance sheet.

The liquidity position of the company is tense as per end of the year 2022 and per end of the first half of 2023. Furthermore the company has budgeted losses for the period till 1H2024. Therefore, the shareholder has made a commitment in the form of a guarantee declaration dated August 7, 2023, amounting CHF 700'000 to provide the company with the necessary liquidity and subordinated loans. This assurance is intended to ensure the Company's financial stability for the upcoming 12-month period.

The Board of Directors has developed a restructuring plan focused on cost savings, which will be implemented gradually from the second half of 2022. This includes significant reductions in marketing and advertising expenses, personnel restructuring, and remuneration of sales activities based on results achieved.

Given that the Board of Directors has no reason to doubt the shareholder's ability or willingness to fulfill their commitment, and considering the implemented cost-saving measures, it has been decided to prepare the financial report based on the assumption of the company's continued operation. However, it is important to note that the company is currently facing economic challenges, and its ability to continue operating depends heavily on the receipt of future funds.