

**issuance.swiss AG,  
Baar**

**Report of the statutory auditors  
to the general meeting of shareholders  
for the year end December 31, 2023**

Report of the statutory auditors  
to the general meeting of shareholders of  
issuance.swiss AG,  
Baar

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### *Opinion*

We have audited the financial statements of issuance.swiss AG (the Company), which comprise the statement of financial position as at December 31, 2023, the statement of comprehensive income, the statement of changes in equity, the cash flows statement for the period from February 24, 2023 to December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (page 8 to 23) give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the period then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

### *Basis for Opinion*

We conducted our audit in accordance with the International Standards on Auditing (ISA) and 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 the legal requirements on licensing according to the Auditor Oversight Act (AOA), as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), 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.

### *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 and our auditor’s report thereon.

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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 that give a true and fair view in accordance with IFRS and the provisions of Swiss Law, 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, ISA 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

We communicate with the Board of Directors or its relevant committee 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 Requirements and Regulatory Requirements*

The Company's internal control system is currently being documented in all material respects. Consequently, we are unable to confirm the existence of the internal control system in accordance with Art. 728a para. 1 item 3 CO and PS-CH 890.

We also draw your attention to the fact that the company does not comply to the article 699 par. 2 of the Swiss Code of Obligations whereby the ordinary shareholders' meeting should be held within six months after the close of the business year.

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

RSM Audit Switzerland SA

Jeremy Howarth  
Audit expert  
Auditor in charge

Mouna Kohen  
Audit expert

Geneva, July 9, 2024

Encl: Financial statements

**Statement of comprehensive income**

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

	Note	31.déc.23 USD	31.déc.23 CHF
Net (loss)/gain on financial liabilities designated at fair value through profit or loss	4	(3'445'243)	(2'887'156)
Income	5	<b>270'178</b>	<b>242'747</b>
Operating expenses	6	(316'650)	(284'501)
Financing expenses		7'074	6'356
<b>Operating loss before tax</b>		(3'484'642)	(2'922'554)
Tax on profit on ordinary activities		(445)	(400)
<b>Net loss after tax</b>		(3'485'087)	(2'922'954)
<b>Other comprehensive income for the period</b>			
Revaluation (loss)/gain on digital assets	8	3'445'243	2'887'156
<b>Other comprehensive loss for the period net of income tax</b>		3'445'243	2'887'156
<b>Total comprehensive loss for the financial period</b>		<b>(39'844)</b>	<b>(35'798)</b>

All of the items dealt with in arriving at the loss for the financial period are from continuing operations.

**Statement of financial position**  
As at 31 December 2023

	Note	31.déc.23 USD	31.déc.23 CHF
<b>Assets</b>			
<b>Non current assets</b>			
Intangible fixed assets	7	154'063	129'106
		<u>154'063</u>	<u>129'106</u>
<b>Current assets</b>			
Digital assets	8	7'884'284	6'607'126
Cash and cash equivalents	9	121'892	102'147
Other receivables	10	170'898	143'215
		<u>8'177'074</u>	<u>6'852'488</u>
<b>Total assets</b>		<b><u>8'331'137</u></b>	<b><u>6'981'594</u></b>
<b>Liabilities and equity</b>			
<b>Non current liabilities</b>			
		<u>-</u>	<u>-</u>
<b>Current liabilities</b>			
Financial liabilities designated at fair value through profit or loss	11	7'884'284	6'607'126
Other payables	12	376'526	315'534
		<u>8'260'810</u>	<u>6'922'660</u>
<b>Total liabilities</b>		<b><u>8'260'810</u></b>	<b><u>6'922'660</u></b>
<b>Shareholder's funds - Equity</b>			
Share capital	13	110'170	100'000
Capital contribution reserve		-	-
Accumulated other comprehensive (loss)/gain		3'445'243	2'887'156
Retained deficit		(3'485'087)	(2'922'954)
Currency translation difference		-	(5'267)
<b>Total equity</b>		<b><u>70'327</u></b>	<b><u>58'935</u></b>
<b>Total liabilities and equity</b>		<b><u>8'331'137</u></b>	<b><u>6'981'594</u></b>

The notes on pages 12 to 22 form an integral part of the financial statements.

## Statement of changes in equity

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

	Note	Called up Share Capital		Accumulated loss		Total Equity	
		USD	CHF	USD	CHF	USD	CHF
Balance as at 24 February 2023		-		-		-	
Issue of shares during the financial period	13	110'170	100'000	-	-	110'170	100'000
Capital contribution reserve		-	-	-	-	-	-
Net (loss)/gain after tax for the financial year		-	-	(3'485'087)	(2'922'954)	(3'485'087)	(2'922'954)
Other comprehensive (loss)/gain for the financial year		-	-	3'445'243	2'887'156	3'445'243	2'887'156
Currency translation adjustment		-	-	-	-	-	(5'267)
<b>Balance as at 31 December 2023</b>		<b>110'170</b>	<b>100'000</b>	<b>(39'844)</b>	<b>(35'798)</b>	<b>70'327</b>	<b>58'935</b>

The notes on pages 12 to 22 form an integral part of the financial statements.

## Statement of cash flows

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

	Note	31.déc.23 USD	31.déc.23 CHF
<b>Cash flows from operating activities</b>			
Operating profit before taxation		(39'398)	(35'398)
<i>Adjustments for:</i>			
Net fair value decrease/(increase) on digital assets	8	(3'445'243)	(2'887'156)
Net decrease/(increase) on financial liabilities designated at fair value through profit or loss	4	3'445'243	2'887'156
Amortisation	7	21'646	18'139
<i>Movements in working capital</i>			
Decrease/(increase) in other receivables		(115'813)	(93'215)
Increase in other payables		376'081	315'134
Currency translation adjustment		-	(5'267)
<b>Net cash used in operating activities</b>		<u>242'516</u>	<u>199'393</u>
<b>Cash flows from investing activities</b>			
Purchases of intangible assets	7	(175'709)	(147'246)
<b>Net cash used in investing activities</b>		<u>(175'709)</u>	<u>(147'246)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares		55'085	50'000
<b>Net cash generated from financing activities</b>	13	<u>55'085</u>	<u>50'000</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		121'892	102'147
Cash and cash equivalents at start of the financial year/period		-	-
<b>Cash and cash equivalents at end of the financial year/period</b>	9	<u><u>121'892</u></u>	<u><u>102'147</u></u>
<b>Non-cash transactions during the financial period include:</b>			
		31.déc.23 USD	31.déc.23 CHF
Digital assets designated at fair value through profit or loss - Additions	8	4'493'622	3'765'711
Financial liabilities designated at fair value through profit or loss - (Issued)	11	(4'493'622)	(3'765'711)

The notes on pages 12 to 22 form an integral part of the financial statements.



**Notes to the financial statements****For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023****1 General information**

The Company was incorporated and registered in Zugerstrasse 76B, 6340 Baar, Switzerland on 24 February 2023, as an Aktiengesellschaft, a corporation limited by shares, under the Swiss Code of Obligations.

**2 Basis of preparation****(a) Reporting entity**

The Company was incorporated and registered in Zugerstrasse 76b, 6340 Baar, Switzerland on 24 February 2023, as an Aktiengesellschaft, a corporation limited by shares, under the Swiss Code of Obligations. The Company has been established for an indefinite duration. The Company established a program (the "Program") under which the Company may, from time to time and subject to compliance with all applicable laws and regulations, issue Exchange Traded Products and non Exchange Traded Products (the "Products"). The Company may issue securities (the "Securities") for the Products.

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and Swiss Law.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following:

- Financial liabilities designated at fair value through profit or loss are measured at fair value.
- Financial assets at fair value through profit or loss are measured at fair value through Other Comprehensive Income.

**(c) Functional and presentation currency**

The financial statements are presented in both Swiss Franc ("CHF") and United States Dollar (USD), the later being the Company's functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The issued share capital of the Company is denominated in CHF. All amounts have been rounded to the nearest whole number, unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods affected.

**(e) New standards, amendments or interpretations**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

- Amendments to IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Lease liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

The new standards are not expected to have any impact on the Company's financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective or that would be expected to have a significant impact on the Company.

**Notes to the financial statements (continued)****For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023****3 Significant accounting policies****(a) Income and expenses**

Income and expenses are accounted for on an accrual basis.

*Service revenue*

Originators will be charged an annual administration fee for the services of the Company regarding issuance assistance and life cycle management of the Products.

*Other income*

Investors will be charged a fee in respect of the Products in the amount specified in the relevant Final Terms (the "Investor Fee"). The rate will be set out in the relevant Final Terms, and is applied to the Collateral on a daily basis, each following calendar day after the issue date (including holidays and weekends) until redemption.

The Investor Fee is paid from the Collateral, thus affecting the Collateral calculation for the subsequent trading day. Because the Collateral forms the basis for determining the value of each Security, the aggregate effect of the Investor Fee will increase or decrease in a manner directly proportional to the value of each Security and the amount of Securities.

**(b) Cash and cash equivalents**

Cash and cash equivalents includes cash held at bank which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its capital.

There are no restrictions on cash and cash equivalents.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

**(c) Share capital**

Share capital is issued in CHF.

**(d) Other receivables**

Other receivables do not carry any interest, are short-term in nature and have been reviewed for any evidence of impairment. Other receivables are accounted at amortised cost.

**(e) Other payables**

Other payables are accounted at amortised cost.

**(f) Financial instruments**Financial liabilities*Classification*

The Company classifies its Securities (Scytale, CFMOM, CFWB3, Sermont) as financial liabilities at fair value through profit or loss on initial recognition.

The exchange quoted price of the Securities is determined by reference to the underlying digital assets. Changes in the fair value of the Securities are recognised in the statement of comprehensive income. The Securities have been designated as at fair value through profit or loss in order to eliminate an accounting mismatch, that would otherwise arise with the underlying digital assets, enabling both the Securities and the underlying digital assets to be measured at fair value with gains or losses on both being recognised in the statement of comprehensive income.

*Initial recognition*

All financial liabilities (including financial liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company issues Securities to offer investors means of gaining market exposure to digital assets. Each Product has a continuous issue and redemption process, under which additional Securities may be issued by the Company to Authorized Participants and Securities may be redeemed by the Company from the Authorized Participants on a daily basis on any business day. The value of an investor's entitlement for the Securities equals the aggregate value of assets held as Collateral for the relevant Product converted into the currency in which the issues and redemptions will be settled divided by the number of outstanding Securities for the Product.

*Derecognition*

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

**Notes to the financial statements (continued)**

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

**3 Significant accounting policies (continued)****(f) Financial instruments (continued)**Financial liabilities (continued)*Subsequent measurement*

After initial measurement, the Company measures financial liabilities which are classified as at fair value through profit or loss at their fair value. Subsequent changes in the fair value of financial liabilities designated at fair value through profit or loss are recognised directly in the statement of comprehensive income.

*Fair value measurement principles*

The fair value of the Securities is determined by reference to the underlying digital assets. Changes in the fair value of the Securities are recognised in the statement of comprehensive income. The Securities are valued using valuation techniques, as detailed in the fair value hierarchy note to the financial statements.

*Net changes in fair value of financial liabilities designated at fair value through profit or loss*

Net changes in fair value of financial liabilities designated at fair value through profit or loss relates to Scytale, CFMOM, CFWB3, Sermont Securities issued and includes all realised and unrealised fair value changes.

**(g) Intangible digital assets***Digital assets*

The Company holds digital assets (representing the underlyings in the products from Crypto Finance, Scytale and Sermort) equal to the amount due to holders of Digital Securities solely for the purposes of meeting its obligations under the terms of the Securities.

The Board of directors have determined to account for digital assets at fair value on the basis there is an active market for the transfer and sale of the digital assets that the Company holds. The digital assets are held to provide the security holders with the exposure to changes in the fair value of digital assets and therefore the Board of directors consider that carrying the digital assets at fair value reflects the objectives and the purpose of holding the asset.

*Fair value measurement principles*

Digital assets held in custody are measured at fair value using either custodian price fixing values or index pricing linked to the products as an input where applicable.

*Net changes in fair value of digital assets*

Net changes in fair value of digital assets relates to movement in prices of the digital assets and includes all realised and unrealised fair value changes.

*(i) Issue and redemption*

Upon initial recognition and the receipt of digital assets, they are recorded at fair value using the Quoted Price.

Upon redemption of Securities and the transfer out of digital assets, 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 digital assets. Any previously recognised gains on the digital assets de-recognised as a result of the transfer are reclassified to retained earnings.

*(i) Subsequent measurement*

An increase in fair value is recorded first through profit or loss in respect of any previous losses below the original cost recognised being reversed, with any further gains being recognised in the statement of comprehensive income.

A decrease in fair value is recorded first through profit or loss in respect of any previous gains recognised being reversed, with any further loss being recognised in the statement of comprehensive income.

**Notes to the financial statements (continued)****For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023****3 Significant accounting policies (continued)****(h) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The Company currently operates in a single operating segment.

**(i) Foreign currency transaction**

Transactions in foreign currencies are translated to the reporting currency at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the reporting currency at the beginning of the financial period, adjusted for effective interest and payments during the financial period, and the amortised cost in foreign currency translated at the exchange rate at the end of the financial period.

The statutory accounts at year-end are prepared in CHF. The company translates its statement of comprehensive income at yearly average rate into CHF. Equity items are valued at historical rate. The balance sheet is translated by the year-end rate into CHF. Profit differences resulting from the translation are deferred in the balance sheet.

The Company is applying foreign exchange rates published by the European Central Bank.

**(j) Statement of cash flows**

The indirect method has been applied in the preparation of the statement of cash flows.

**(k) Intangible fixed assets***Development of the Program*

Costs incurred for the development of ETP products relate to costs such as product design, development of Base Prospectus, review of the Base Prospectus by SIX Exchange and set-up services. Development costs are capitalised considering that the products have been developed and put on the market. These assets, by its nature, do not have an identifiable market on which the intangible assets could be recovered.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

Amortisation of the program is recognised on a straight-line basis over its estimated useful life, being 5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

## Notes to the financial statements (continued)

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

<b>4 Net (loss)/gain on financial liabilities</b>		
	<b>31.déc.23</b>	<b>31.déc.23</b>
	<b>USD</b>	<b>CHF</b>
Net (loss)/gain on financial liabilities	(3'445'243)	(2'887'156)
	<u><b>(3'445'243)</b></u>	<u><b>(2'887'156)</b></u>
<b>5 Income</b>		
	<b>31.déc.23</b>	<b>31.déc.23</b>
	<b>USD</b>	<b>CHF</b>
Service revenue	270'178	242'747
	<u><b>270'178</b></u>	<u><b>242'747</b></u>
<b>6 Operating expenses</b>		
	<b>31.déc.23</b>	<b>31.déc.23</b>
	<b>USD</b>	<b>CHF</b>
Professional services (add legal expenses...)	(86'449)	(77'672)
Other operating expenses	(209'029)	(187'807)
Amortisation of intangible assets	(21'172)	(19'022)
	<u><b>(316'650)</b></u>	<u><b>(284'501)</b></u>
<i>Statutory information:</i>		
	<b>31.déc.23</b>	<b>31.déc.23</b>
	<b>USD</b>	<b>CHF</b>
Auditors' remuneration – Statutory Assurance services	59'665	53'607
The auditor of the Company earned no other fees from the Company.		
<b>7 Intangible fixed assets</b>		
	<b>31.déc.23</b>	<b>31.déc.23</b>
<i>Cost:</i>	<b>USD</b>	<b>CHF</b>
At the start of financial period	-	-
Additions	175'709	147'246
	<u>175'709</u>	<u>147'246</u>
<i>Amortisation:</i>		
At the start of financial period	-	-
Amortisation during period	(21'646)	(18'139)
	<u>(21'646)</u>	<u>(18'139)</u>
Net book value at start of financial period	-	-
Net book value at end of financial period	<u><b>154'063</b></u>	<u><b>129'106</b></u>
Program Development relates to costs, that are capitalized and incurred for development of the ETP product.		

## Notes to the financial statements (continued)

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

## 8 Digital assets - Products

	31.déc.23	31.déc.23
	USD	CHF
Investment in CFMOM	1'206'954	1'011'442
Investment in CFWB3	581'616	487'401
Investment in Scytale	5'405'400	4'529'791
Investment in Sermont	744'896	624'232
	<b>7'938'866</b>	<b>6'652'867</b>
Due from (to) asset managers and other assets	<b>(54'582)</b>	<b>(45'740)</b>
<b>Digital assets - Products</b>	<b>7'884'284</b>	<b>6'607'126</b>

All digital currencies in the products are held as collateral for ETP Securities issued.

	31.déc.23	31.déc.23
	USD	CHF
At the start of financial year/period	-	-
Additions	4'493'622	3'765'711
Redemptions	-	-
Net movements in fair value	3'445'243	2'887'156
At end of financial year/period	<b>7'938'866</b>	<b>6'652'867</b>

As at 31 December 2023, the financial assets held by the Company was as follows:

	Units held	Price USD	Fair Value USD	Price CHF	Fair Value CHF
Assets in CFMOM	6'710	180	1'206'954.14	151	1'011'442
Assets in CFWB3	3'360	173	581'615.89	145	487'401
Assets in Scytale	3'077	1'757	5'405'400	1'472	4'529'791
Assets in Sermont	1'773	420	744'896	352	624'232
			<b>7'938'866</b>		<b>6'652'867</b>

The Products are open-ended and do not have a fixed maturity date.

## 9 Cash and cash equivalents

	31.déc.23	31.déc.23
	USD	CHF
Cash	121'892	102'147
	<b>121'892</b>	<b>102'147</b>

As at 31 December 2023, the cash and cash equivalents is held with Bank Frick (100%).

## 10 Other receivables

	31.déc.23	31.déc.23
	USD	CHF
Other current receivables	139'455	116'865
Accrued income and prepaid expenses	3'799	3'184
Trade receivables from financial services	27'644	23'166
	<b>170'898</b>	<b>143'215</b>

## Notes to the financial statements (continued)

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

## 11 Financial liabilities designated at fair value through profit or loss

	31.déc.23	31.déc.23
	USD	CHF
CFMOM ETP Securities	1'203'010	1'008'137
CFWB3 ETP Securities	579'810	485'888
Scytale Secuties	5'381'951	4'510'141
Sermont Securites	719'513	602'960
	<u>7'884'284</u>	<u>6'607'126</u>
	31.déc.23	31.déc.23
	USD	CHF
At the start of financial year	-	-
Issuances	4'493'622	3'765'711
Redemptions/fees	(54'582)	(45'740)
Net loss/(gain) on financial liabilities designated at fair value through profit or loss	3'445'243	2'887'156
At end of financial year/period	<u>7'884'284</u>	<u>6'607'126</u>

As at 31 December 2023, the financial liabilities in issue were as follows:

	Units held	Price USD	Fair Value USD	Price CHF	Fair Value CHF
CFMOM ETP Securities	6'710	179	1'203'010.39	150	1'008'137
CFWB3 ETP Securities	3'360	173	579'809.61	145	485'888
Scytale Secuties	3'077	1'749	5'381'951	1'466	4'510'141
Sermont Securites	1'773	406	719'513	340	602'960
			<u>7'884'284</u>		<u>6'607'126</u>

The Securities are perpetual and do not have a fixed maturity date.

12 Other payables	31.déc.23	31.déc.23
	USD	CHF
Accrued expenses and deferred income	292'263	244'920
Other payables	84'263	70'613
	<u>376'526</u>	<u>315'534</u>

## 13 Share capital

	31.déc.23	31.déc.23
	USD	CHF
<i>Issued and half paid in</i>		
100 registered shares of CHF 1000 each at par value	<u>110'170</u>	<u>100'000</u>
<i>Presented as follows:</i>	31.déc.23	31.déc.23
Share capital presented as equity	<u>110'170</u>	<u>100'000</u>

In the cashflow statement, only half of the proceeds from the issued capital is shown in financing activities.

**Notes to the financial statements (continued)**

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

**14 Financial risk management****Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks from its use of financial instruments:

- (a) Operational risk;
- (b) Credit risk;
- (c) Market risk; and
- (d) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

**(a) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in the preceding paragraphs. Accounting and VAT tax compliance functions were outsourced to Apex Corporate Services (Switzerland) GmbH.

**(b) Credit risk**

Credit/Counterparty risk refers to the risk that the Custodian will default on its contractual obligations resulting in the Company being unable to make payment of amounts due to the Securityholders. Accordingly, the Company and the Securityholders are exposed to the creditworthiness of the Custodian.

Although the digital asset is held by the Custodian in segregated accounts, which are intended to be protected in the event of insolvency of the Custodian, the insolvency of the Custodian or the Security Agent may result in delayed access to the digital asset. In such a situation, investors may face a loss due to asset price fluctuation and therefore bear a credit risk of the Security Agent and the Custodian. No party, including the Security Agent, Custodian, or the Company is liable for the loss of the Underlying(s) held as digital asset. In the case of loss of the Underlying(s), e.g. due to fraud, theft, cyber-attacks and/or any analogous or similar event, the liability belongs solely to the investor.

Bitgo, Bank Frick, Scrypt AG have been engaged as Custodians. As at 31 December 2023, the Custodians are not rated.

The maximum exposure to the credit risk at the reporting date was:	<b>31.déc.23</b>	<b>31.déc.23</b>
	<b>USD</b>	<b>CHF</b>
Investment in CFMOM	1'206'954	1'011'442
Investment in CFWB3	581'616	487'401
Investment in Scytale	5'405'400	4'529'791
Investment in Sermont	744'896	624'232
	<b>7'938'866</b>	<b>6'652'867</b>

As at 31 December 2023, the Company held cash and cash equivalents with Bank Frick to USD 121,892 (bank balance) which represents its maximum credit exposure on these assets.

There were no credit default events during the financial period ended 31 December 2023.



**Notes to the financial statements (continued)**

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

**14 Financial risk management (continued)****(c) Market risk**

Market risk is the risk that changes in market prices of the digital assets will affect the Company's income or the value of its holdings of financial instruments. The Securityholders are exposed to the market risk of the assets portfolio. Market risk embodies the potential for both gains and losses and price risk.

*Interest rate risk*

Interest rate risk is the risk that the fair value of the Securities will fluctuate because of changes in market interest rates. Changes in exchange rates and interest rates may have a positive or negative impact on the price, demand, production costs, direct investment costs of the collaterals and the returns from investments in the collaterals are therefore influenced by and may be correlated to these factors. The Company has deemed the effect of these valuation fluctuations insignificant. As a result, the Company is not subject to significant interest rate risk. The Products also do not bear interest.

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk is the risk which arises due to the assets and liabilities of the Company held in foreign currencies, which will be affected by fluctuations in foreign exchange rates.

The Company issued Securities in USD and invested in digital asset denominated in USD. The Company mitigates its exposure to currency mainly by matching the foreign currency assets with foreign currency liabilities. The Company is exposed to movement in exchange rates between the CHF, its reporting currency, and other foreign currency, namely USD.

The following significant exchange rates have been applied at the financial period end:

USD:CHF

<b>Closing rate</b>
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31.déc.23

0.8380

*Sensitivity analysis*

The impact of any change in exchange rates is borne by the Securityholders.

At 31 December 2023, had the CHF strengthened against USD by 1% with all other variables held constant, the fair value of the financial liabilities designated at fair value through profit or loss would have decreased. A 1% weakening of the CHF against the USD would have an equal but opposite effect on the fair value of the Securities issued.

This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates which is zero coupon, remain constant.

The impact of any change in the exchange rates on the digital assets relating to any Series is offset by the foreign exchange rate changes on the Securities issued under the Series and will be borne by the Securityholders.

**Notes to the financial statements (continued)****For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023****14 Financial risk management (continued)****(c) Market risk (continued)***Price risk*

Price risk is the risk that the fair value of digital assets or financial liabilities will fluctuate because of changes in market prices whether those changes are caused by factors specific to the collaterals, the individual Securities or its issuer, or factors affecting similar assets or Securities traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Company and market prices of its investments.

Securityholders are exposed to market risk arising from market price of the Securities and from the holding of digital assets. The movements in the prices of these holdings result in movements in the performance of the Securities. The value of Securities will be affected by movements in the market price of the digital assets to which a particular Series is linked.

The market price of each Series of ETP Securities will be affected by a number of factors, including, but not limited to:

- (i) the value and volatility of the digital assets referenced by the relevant Series of Securities;
- (ii) the value and volatility of digital assets in general;
- (iii) market perception, interest rates, yields and foreign exchange rates;
- (iv) the creditworthiness of, among others, the Custodian, the Administrator, the Registrar, and the Authorised Participants; and
- (v) liquidity in the ETP Securities on the secondary market.

The Company does not consider market risk to be a significant risk to the Company as any fluctuation in the value of the digital assets will ultimately be borne by the Securityholders of the relevant Series.

Therefore, assuming all other variables remain constant any increase/(decrease) in the market price of the digital assets would have an equal increase/(decrease) on the value of the Securities issued in the relevant Series. As at 31 December 2023, a hypothetical 1% increase in the market price of the digital assets would have an increase on the value of the Securities issued. A hypothetical 1% decrease in the market price of the digital assets would have an equal but opposite impact on the value of the Securities issued in the relevant Series. The Series offer investors instant, easily-accessible and flexible exposure to the movement in spot prices of the relevant digital assets. Each Series' performance is correlated to the performance of the digital assets invested into. The correlation of the Series' performance against this is a metric monitored by key management personnel.

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another digital asset and thus, the Company will not be able to meet its financial obligations as they fall due.

Liquidity risk in a limited recourse vehicle is managed, where possible, by having the same maturity profile of financial liabilities and related digital assets.

The Company's obligation to the Securityholders is limited to the net proceeds upon realisation of the asset of the Series and should the net proceeds be insufficient to make all payments due in respect of a particular Series of Securities, the other assets of the Company are not contractually required to be made available to meet payment and the deficit is instead borne by the Securityholders according to the priority of payments mentioned in the agreements.

The Company does not have a significant exposure to liquidity risk due to the subscriptions and redemptions of the digital assets that backs such Securities are primarily non-cash transactions of the Company as they are carried out in-kind.

Liquidity in digital assets is significantly lower than other major currencies, such as U.S. Dollars, Euros or Japanese Yen, as well as certain stocks, bonds and structured products. As such, there is a greater possibility of market moving events such as a single large sale effecting the global market. Furthermore, liquidity crunches may also occur as a result of lower overall liquidity. In this case, it may be difficult or impossible to buy or sell underlying digital assets, resulting in a significant loss of value. This risk increases significantly as the market capitalization and liquidity of a digital asset declines and, accordingly, may be a more important risk for assets with lower market capitalization.

## Notes to the financial statements (continued)

For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023

## (d) Liquidity risk (continued)

The following are the earliest contractual maturities of financial liabilities as at 31 December 2023:

	Carrying amount (USD)	Gross contractual cash flows (USD)	Less than one year (USD)	One to five years (USD)	More than five years (USD)
	31.déc.23	31.déc.23	31.déc.23	31.déc.23	31.déc.23
Financial liabilities designated at fair value through profit or loss*	7'884'284	7'884'284	7'884'284	-	-
Other payables	376'526	376'526	376'526	-	-
	<u>8'260'810</u>	<u>8'260'810</u>	<u>8'260'810</u>	<u>-</u>	<u>-</u>

  

	Carrying amount (CHF)	Gross contractual cash flows (CHF)	Less than one year (CHF)	One to five years (CHF)	More than five years (CHF)
	31.déc.23	31.déc.23	31.déc.23	31.déc.23	31.déc.23
Financial liabilities designated at fair value through profit or loss*	6'607'126	6'607'126	6'607'126	-	-
Other payables	315'534	315'534	315'534	-	-
	<u>6'922'660</u>	<u>6'922'660</u>	<u>6'922'660</u>	<u>-</u>	<u>-</u>

\*The Securities are perpetual and do not have a fixed maturity date.

## (e) Fair values

The fair value of a digital asset and financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of all the Company's digital assets and financial liabilities at the reporting date approximated their fair values.

The Company's digital assets and financial liabilities carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

At the reporting date, the carrying amounts of digital assets at fair value through profit or loss and financial liabilities designated at fair value through profit or loss issued by the Company, for which fair values were determined directly, in full or in part and determined using valuation techniques are as follows:

Fair value hierarchy as at 31 December 2023 (USD)				
	Level 1	Level 2	Level 3	Total
	31.déc.23	31.déc.23	31.déc.23	31.déc.23
Investment in CFMOM	1'206'954	-	-	1'206'954
Investment in CFWB3	581'616	-	-	581'616
Investment in Scytale	5'405'400	-	-	5'405'400
Investment in Sermont	744'896	-	-	744'896
CFMOM ETP Securities	(1'203'010)	-	-	(1'203'010)
CFWB3 ETP Securities	(579'810)	-	-	(579'810)
Scytale Securies	(5'381'951)	-	-	(5'381'951)
Sermont Securities	(719'513)	-	-	(719'513)
	<u>54'582</u>	<u>-</u>	<u>-</u>	<u>54'582</u>

  

Fair value hierarchy as at 31 December 2023 (CHF)				
	Level 1	Level 2	Level 3	Total
	31.déc.23	31.déc.23	31.déc.23	31.déc.23
Investment in CFMOM	1'011'442	-	-	1'011'442
Investment in CFWB3	487'401	-	-	487'401
Investment in Scytale	4'529'791	-	-	4'529'791
Investment in Sermont	624'232	-	-	624'232
CFMOM ETP Securities	(1'008'137)	-	-	(1'008'137)
CFWB3 ETP Securities	(485'888)	-	-	(485'888)
Scytale Securies	(4'510'141)	-	-	(4'510'141)
Sermont Securities	(602'960)	-	-	(602'960)
	<u>45'740</u>	<u>-</u>	<u>-</u>	<u>45'740</u>

No transfers between Level 1, Level 2 and Level 3 have taken place during the financial period.

**Notes to the financial statements (continued)**

**For the financial period from 24 February 2023 (date of incorporation) to 31 December 2023**

**(e) Fair values (continued)**

Although the directors believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value as fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement e.g. interest rates, volatility, credit spreads, probability of defaults, estimates cashflows etc and therefore, cannot be determined with precision.

**15 Employee numbers and costs**

The Company has 0 employees as at 31 December 2023.

**16 Subsequent events**

There are no significant events after financial period end up to the date of signing this report that require disclosure and/or adjustment to the financial statement.

**17 Commitments and Contingencies**

The Company had no commitments or contingencies as at 31 December 2023.

**18 Approval of financial statements**

The Board of Directors approved these financial statements on 09/07/2024.