Report of the independent Auditor

Financial Statements as of December 31, 2024

issuance.swiss AG
Zug

INDEPENDENT AUDITOR'S REPORT

**Report of the independent Auditor
to the Board of Directors of**

issuance.swiss AG, Zug

Opinion

As independent auditor, we have been engaged to audit the accompanying financial statements of issuance.swiss AG, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the notes for the year ended December 31, 2024.

In our opinion, the financial statements as of December 31, 2024, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with the statutory and legal requirements.

Basis for opinion

We conducted our audit in accordance with Swiss Standards on Auditing (SA-CH) and International Standards on Auditing (ISA). Our responsibilities under these regulations 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 and the requirements of the Swiss audit profession as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

Board of Directors' Responsibility for the financial statements

The Board of Directors is responsible for the preparation of the financial statements, which give a true and fair view in accordance with IFRS, 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 responsibility 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 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.

Wetzikon, July 10, 2025

Senn & Partner AG
Wirtschaftsprüfungs- und Treuhandgesellschaft

Roger Donzé
10. Juli 2025
Qualified Electronic Signature by SwissID

Roger Donzé
Swiss certified public accountant
Licensed audit expert
Auditor in charge

Enclosure:
Financial statements as of December 31, 2024

issuance.swiss AG

(Registration Number CHE-340.510.964)
Financial Statements for the year ended 31 December 2024

Statement of Financial Position

Figures in USD	Notes	2024	2023
Assets			
Non-current assets			
Intangible assets	4	121,166	154,063
Current assets			
Trade and other receivables	5	327,075	170,898
Digital Assets	6	19,788,233	7,884,284
Cash and cash equivalents	7	86,292	121,892
Total current assets		**20,201,600**	**8,177,074**
Total assets		**20,322,766**	**8,331,137**
Equity and liabilities			
Equity			
Issued capital	8	110,170	110,170
Accumulated loss		(71,964)	(39,843)
Total equity		**38,206**	**70,327**
Liabilities			
Current liabilities			
Trade and other payables	9	496,326	376,526
Financial Liabilities in connection with the Issuance of Digital Assets	10	19,788,234	7,884,284
Total current liabilities		**20,284,560**	**8,260,810**
Total equity and liabilities		**20,322,766**	**8,331,137**

Statement of Comprehensive Income

Figures in USD	Notes	2024	2023
Revenue	11	990,597	270,178
Administrative expenses	12	(975,209)	(291,037)
Amortisation		(32,897)	(21,172)
Net (loss)/gain on financial liabilities designated at fair value through profit or loss		(2,574,696)	(3,445,243)
Loss from operating activities		**(2,592,205)**	**(3,487,274)**
Net foreign exchange differences		(14,611)	2,633
Loss before tax		**(2,606,816)**	**(3,484,641)**
Income tax expense		-	(445)
Loss for the year		**(2,606,816)**	**(3,485,086)**
Other comprehensive income net of tax			
Components of other comprehensive income that will not be reclassified to profit or loss			
Revaluation (loss)/gain on digital assets		2,574,696	3,445,243
Total other comprehensive income that will not be reclassified to profit or loss		**2,574,696**	**3,445,243**
Total other comprehensive income net of tax		**2,574,696**	**3,445,243**
Total comprehensive income		**(32,120)**	**(39,843)**

Statement of Changes in Equity

Figures in USD	Issued capital	Accumulated loss	Total
Balance at 1 January 2023	110,170	-	110,170
Changes in equity			
Loss for the year	-	(3,485,087)	(3,485,087)
Other comprehensive income	-	3,445,243	3,445,243
Total comprehensive income for the year	-	(39,844)	(39,844)
Balance at 31 December 2023	**110,170**	**(39,844)**	**70,326**
Balance at 1 January 2024	110,170	(39,844)	70,326
Changes in equity			
Loss for the year	-	(32,120)	(32,120)
Total comprehensive income for the year	-	(32,120)	(32,120)
Balance at 31 December 2024	**110,170**	**(71,964)**	**38,206**

issuance.swiss AG

(Registration Number CHE-340.510.964)
Financial Statements for the year ended 31 December 2024

Statement of Cash Flows

Figures in USD	**Note**	**2024**	**2023**
Cash flows (used in) / from operations			
Loss for the year		**(32,120)**	**(39,398)**
Adjustments to reconcile loss			
Net fair value decrease/(increase) on digital assets		(2,574,696)	(3,445,243)
Net decrease/(increase) on financial liabilities designated at fair value through profit or loss		2,574,696	3,445,243
Adjustments for increase in trade accounts receivable		(106,926)	(115,813)
Adjustments for increase in other operating receivables		(49,251)	
Adjustments for increase in trade accounts payable		226,082	376,081
Adjustments for decrease in other operating payables		(106,282)	
Adjustments for depreciation and amortisation expense		32,897	21,646
Total adjustments to reconcile loss		**(3,480)**	**281,914**
Net cash flows (used in) / from operations		**(35,600)**	**242,516**
Net foreign exchange differences		(14,611)	2,633
Net cash flows (used in) / from operating activities		**(50,211)**	**245,149**
Cash flows used in investing activities			
Purchase of intangible assets			(175,709)
Cash flows used in investing activities		**-**	**(175,709)**
Cash flows from financing activities			
Proceeds from issuing shares		-	55,085
Cash flows from financing activities		**-**	**55,085**
Net (decrease) / increase in cash and cash equivalents before effect of exchange rate changes		**(50,211)**	**124,525**
Net foreign exchange differences		14,611	(2,633)
Net (decrease) / increase in cash and cash equivalents		**(35,600)**	**121,892**
Cash and cash equivalents at beginning of the year		121,892	-
Cash and cash equivalents at end of the year	**7**	**86,292**	**121,892**

Accounting Policies

1. General information

The Company was incorporated and registered in Untere Roostmatt 8,6300 Zug, 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.

2. Basis of preparation

(a) Statement of Compliance

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

(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.
- Digital Assets at fair value meassured in accordance with the revaluation model under IAS 38 (intangible assets).

(c) Functional and presentation currency

The financial statements are presented in United States Dollar (USD), 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.

2.1 Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date ofissuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Accounting Policies

Basis of preparation continued...

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Company's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

3. Significant Accounting Policies

(a) Income and Expenses
Income and expenses are accounted for on an accrual basis.

Accounting Policies

Significant Accounting Policies continued...

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.

Investor Fees Revenue
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) Trade and 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) Trade and other payables
Other payables are accounted at amortised cost.

(f) Financial Instruments
<u>Financial liabilities</u>
Classification
The Company classifies its Financial Liabilities in connection with the Issuance of Digital Assets as financial liabilities at fair value through profit or loss on initial recognition.

The exchange quoted price of the Financial Liabilities in connection with the Issuance of Digital Assets is determined by reference to the underlying digital assets. Changes in the fair value of the Financial Liabilities in connection with the Issuance of Digital Assets are recognised in the statement of comprehensive income. The Financial Liabilities in connection with the Issuance of Digital Assets 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 Financial Liabilities in connection with the Issuance of Digital Assets 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.

Accounting Policies

Significant Accounting Policies continued...

The Company issues Financial Liabilities in connection with the Issuance of Digital Assets to offer investors means of gaining market exposure to digital assets. Each Product has a continuous issue and redemption process, under which additional Financial Liabilities in connection with the Issuance of Digital Assets may be issued by the Company to Authorized Participants and Financial Liabilities in connection with the Issuance of Digital Assets 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 Financial Liabilities in connection with the Issuance of Digital Assets 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 Financial Liabilities in connection with the Issuance of Digital Assets for the Product.

Derecognition

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

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 Financial Liabilities in connection with the Issuance of Digital Assets is determined by reference to the underlying digital assets. Changes in the fair value of the Financial Liabilities in connection with the Issuance of Digital Assets are recognised in the statement of comprehensive income. The Financial Liabilities in connection with the Issuance of Digital Assets 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 Financial Liabilities in connection with the Issuance of Digital Assets issued and includes all realised and unrealised fair value changes.

(g) Digital assets

Digital assets

The Company holds digital assets (representing the underlyings in the products from Matrix Port, Scytale and Sermort) equal to the amount due to holders of Digital Financial Liabilities in connection with the Issuance of Digital Assets solely for the purposes of meeting its obligations under the terms of the Financial Liabilities in connection with the Issuance of Digital Assets.

The Digital Assets represent intangible assets as defined in IAS 38. The Board of directors have determined to account for digital assets at fair value (as permitted by the remeasurment model in IAS 38) 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.

Accounting Policies

Significant Accounting Policies continued...

(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 Financial Liabilities in connection with the Issuance of Digital Assets 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.

(ii) 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.

(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 accounts at year-end are prepared in USD. The company translates its statement of comprehensive income at yearly average rate into USD. Equity items are valued at historical rate. The balance sheet is translated by the year-end rate into USD.

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

Figures in USD	2024	2023

4. Intangible assets

Reconciliation of changes in intangible assets

	2024	2023
Capitalised development expenditure		
Balance at 1 January		
Cost	175,709	-
Accumulated amortisation	(21,646)	-
Carrying amount	**154,063**	**-**
Movements for the year ended 31 December		
Additions	-	175,709
Amortisation	(32,897)	(21,646)
Intangible assets at the end of the year	**121,166**	**154,063**
Closing balance at 31 December		
Cost	175,709	175,709
Accumulated amortisation	(54,543)	(21,646)
Carrying amount	**121,166**	**154,063**

5. Trade and other receivables

Trade and other receivables comprise:

	2024	2023
Trade receivables	224,718	117,792
Accrued Income and prepaid expenses	-	3,799
Other receivables	102,357	49,307
Total trade and other receivables	**327,075**	**170,898**

Disputed Administrator Fees

During the preparation of the annual financial statements for the year ended 31 December 2024, Apex, as the appointed Administrator of the Company, issued invoices totaling EUR 1,035,000. Management reviewed the validity and accuracy of these invoices and, based on its analysis, concluded that the invoices were incorrectly raised. As a result, management is currently disputing the fees charged by Apex, and discussions with Apex are ongoing.

At the reporting date, payment of these invoices is considered unlikely. However, as no credit notes have been received from Apex, the disputed amount has been included under "Other receivables" in the statement of financial position.

Management will continue to monitor the situation and will reassess the accounting treatment if and when the dispute is resolved or further information becomes available. The Company does not expect a material impact on its financial position or performance as a result of this dispute.

Notes to the Financial Statements

Figures in USD	2024	2023

6. Digital Assets

6.1 Digital Assets comprise the following balances:

Investments: Matrix Port (CFMOM)	3,552,899	1,206,954
Investments: Matrix Port (CFWB3)	783,029	581,616
Investments: Matrix Port (Scytale)	3,921,024	5,405,400
Investments: Sermont (DABI)	1,322,966	744,896
Investments: Figment	1,347,712	-
Investments: Hemmca Capital	1,098,320	-
Investments: Alpha Swiss	7,301,385	-
Investment: Liqwid (CASL)	460,898	-
	19,788,233	**7,938,866**
Due from (to) asset managers and other assets	-	(54,582)
	19,788,233	**7,884,284**

6.2 Movements in value of digital assets are as follows:

At the beginning of the year	7,938,866	-
Additions and disposals	9,274,672	4,493,622
Net movement in fair value	2,574,695	3,445,244
At the end of the year	**19,788,233**	**7,938,866**

7. Cash and cash equivalents

Cash and cash equivalents included in current assets:

Cash		
Balances with banks	86,292	121,892

8. Issued capital

Authorised and issued share capital

Authorised		
100 Ordinary shares of CHF 1,000 each	110,170	110,170
Issued		
100 Ordinary shares with a par value of CHF 1,000 each	110,170	110,170

Notes to the Financial Statements

Figures in USD	2024	2023

9. Trade and other payables

Trade and other payables comprise:

Trade payables	310,345	84,263
Other payables	185,981	292,263
Total trade and other payables	**496,326**	**376,526**

10. Financial liabilities

Financial Liabilities in connection with the Issuance of Digital Assets

CFMOM	3,552,899	1,203,010
CFWB3	783,029	579,810
Scytale	3,921,024	5,381,951
Sermont	1,322,966	719,513
Figment	1,347,712	-
Hemmca	1,098,320	-
AlphaSwiss	7,301,386	-
Liqwid	460,898	-
	19,788,234	**7,884,284**

Movements in value of Financial Liabilities in connection with the Issuance of Digital Assets

At the beginning of the year	7,884,284	-
Additions and disposals	9,329,255	4,493,622
Net movement in fair value	2,574,695	3,390,662
At the end of the year	**19,788,234**	**7,884,284**

11. Revenue

Revenue comprises:

Service Revenue	990,597	270,178

12. Operating expenses

Operating expenses comprise:

Audit Fees	71,612	59,665
Other Operating Expenses	715,856	203,978
Professional Services	187,741	27,394
Total operating expenses	**975,209**	**291,037**

The auditor of the Company did not receive any fees from the Company other than those related to the audit.

Notes to the Financial Statements

Figures in USD	2024	2023

Contingent liabilities and contingent assets

The Company had no commitments or contingencies as at 31 December 2024.

13. 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 statements.

14. Employee numbers and costs

The Company has 0 (2023: 0) employees as at 31 December 2024.

15. 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, cybe -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 2024, the Custodians are not rated.

Notes to the Financial Statements

Figures in USD	2024	2023

Financial risk management continued...

The maximum exposure to the credit risk at the reporting dates equal the carrying amounts as presented in the balance sheet.

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

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

	Closing Rate	
USD:CHF	0.90311	0.83800
USD:GBP	0.79572	0.73523

Sensitivity analysis

Any change in exchange rates would not have a significant effect on the Company's comprehensive income statement or equity.

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 Security holders.

d) Market Risk

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.

Notes to the Financial Statements

Figures in USD	**2024**	**2023**

Financial risk management continued...

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, yield and foreign exchnage rates;

(iv) the creditworthiness of, among others, the Custodian, the Administrator, the Registrar, and the Authorised Participants; and

v) liqudity 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.

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.

Financial risk management continued...

e) 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.

The following are the earliest contractual maturities of financial liabilities as at 31 December 2024:

	Carrying amount	Gross contractual cashflow	Less than one year	One to five years	More than five years
Financial liabilities designated at fair value through profit or loss*	19,788,233	19,788,233	19,788,233	-	-
Other payables	496,326	496,326	496,326	-	-
	20,284,559	**20,284,559**	**20,284,559**	-	-

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

	Carrying amount	**Gross contractual cashflow**	**Less than one year**	**One to five years**	**More than five years**
Financial liabilities designated at fair value through profit or loss*	7,938,865	7,938,865	7,938,865	-	-
Other payables	376,526	376,526	376,526	-	-
	8,315,391	**8,315,391**	**8,315,391**	-	-

f) 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.

Notes to the Financial Statements

Figures in USD	2024	2023

Financial risk management continued...

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.

	Fair value hierarchy as at 31 December 2024 (USD)			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment: Crypto Finance (MOM)	3,552,899	-	-	3,552,899
Investment: Crypto Finance (WB3)	783,029	-	-	783,029
Investment: Scytale	3,921,024	-	-	3,921,024
Investment: Sermont	1,322,966	-	-	1,322,966
Investment: Figment	1,347,712	-	-	1,347,712
Investment: Hemmca	1,098,320	-	-	1,098,320
Investment: AlphaSwiss	7,301,385	-	-	7,301,385
Investment: Liqwid	460,898			460,898
	19,788,233	- -	-	19,788,233

	Fair value hierarchy as at 31 December 2023 (USD)			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment: Crypto Finance (MOM)	1,566,353	-	-	1,566,353
Investment: Crypto Finance (WB3)	222,218	-	-	222,218
Investment: Scytale	5,405,399	-	-	5,405,399
Investment: Sermont	744,897	-	-	744,897
Investment: Figment	-	-	-	-
Investment: Hemmca	-	-	-	-
Investment: AlphaSwiss	-	-	-	-
Investment: Liqwid	-	-	-	-
	7,938,867	70,481,076 -	-	7,938,867

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