

Iconic Digital Assets AG

Audited financial statements

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021



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Iconic Digital Assets AG

Registered in Liechtenstein company no: FL-0002.663.919-3

31 March 2022



Iconic Digital Assets AG

Directors' report

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

Constitution Articles of association dated 23 July 2021 and registered 28 July 2021.

Proper law Liechtenstein

Directors Alexander Baker
Patrick Lowry
Arno Sprenger

Report **Introduction**

The directors present the company's audited financial statements for the reporting period 28 July 2021 (date of inception) to 31 December 2021.

Responsibilities of the directors

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company.

In preparing the company's annual report and accounts, the directors are responsible for:

- (i) selecting suitable accounting policies and applying them consistently,
- (ii) make judgements and estimates that are reasonable and prudent,
- (iii) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Opinion of the directors

In the opinion of the directors:

- (i) the annual report and accounts are drawn up so as to give a true and fair view of the financial position of the company at 31 December 2021.
- (ii) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its' debts as and when they fall due.

Dividend

The board has determined that the company shall declare a final dividend for the year ended 31 December 2021 of EUR nil.



Alexander Baker
31 March 2022



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Statutory Auditor's Report to the General Meeting of **Iconic Digital Assets AG, Triesen**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Iconic Digital Assets AG, which comprise the balance sheet as at 31st December 2021, the income statement and the cash flow statement for the year covering the period from 28th July 2021 to 31st December 2021, and the 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 consolidated financial position of the Company as at 31st December 2021 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the provisions of Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). 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 Liechtenstein law and the requirements of the audit profession, 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 in the Annual Report

The Board of Directors is responsible for the other information in the Annual Report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the consolidated management report, the stand-alone management report and our auditor's reports 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, we have the responsibility to read the other information and to 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, on the basis of our 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.



Responsibilities of the Board of Directors 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 Liechtenstein 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 Liechtenstein law and ISAs 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 Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud 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

Further Confirmations pursuant to Article 196 PGR

The accompanying management report (page 2) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying financial statements submitted to you be approved.

Other Matters pursuant to the PGR

Furthermore, we draw attention to the fact that half of the share capital is no longer covered (Article 182e para. 1 PGR).

Vaduz, 31th March 2022

BDO (Liechtenstein) AG

Martin Hörndlinger
Certified Public Accountant
Auditor in Charge

Roger Züger
Swiss Certified Public Accountant

Enclosures:
- Financial statements (balance sheet, income statement, notes)

Iconic Digital Assets AG

Statement of financial position

at 31 December 2021

	Note	2021 EUR	2021 EUR
Non-current assets			
Investments in intangible assets	6		363'492
			363'492
Current assets			
Debtors and prepayments	7	6'061	
Cash and bank balances	8	26'168	
			32'229
Total assets			EUR 395'721
Capital and reserves			
Ordinary Shares EUR 1	9	50'000	
Retained earnings	9	(43'355)	
Fair value reserve	9	-	
			6'645
Current liabilities			
Provision for taxation	10	1'736	
Creditors and accruals	11	23'913	
			25'649
Non-current liabilities			
Borrowing	12		363'427
			363'427
Total equity and liabilities			EUR 395'721

These accounts presented on pages 1 to 17, having been adopted by the board of directors at their meeting on 30 March 2022, are hereby subscribed by me on behalf of the board of directors.



Alexander Baker
31 March 2022

Iconic Digital Assets AG

Statement of profit or loss and other comprehensive income

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

	Note	2021 Total EUR
Income from operations		
Management fee income	14	65
		65
Expenditure		
Management expenses	15	(40'411)
		(40'411)
Operating profit		(40'346)
Gains and losses recognised in profit and loss		
Translation of foreign currency		(1'273)
Revaluation of intangible assets	16	(4'116)
Revaluation of borrowing	17	4'116
		(1'273)
Profit and loss before taxation		(41'619)
Taxation		
Corporate income tax	18	(1'736)
		(1'736)
Total profit and loss and other comprehensive income		(43'355)

All operations are continuing operations.

Iconic Digital Assets AG

Statement of changes in equity

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

	Note	2021 Total EUR
Opening balance		-
Movement in members' funds		
Increase in capital from issue of shares	19	50'000
		50'000
Total comprehensive income		(43'355)
Closing balance		6'645

Iconic Digital Assets AG

Statement of cash flows

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

	Note	2021 EUR
Cash flows from operating activities		
Cash paid to suppliers		(23'832)
Net cash used in operating activities		(23'832)
Cash flows from financing activities		
Proceeds from issue of share capital		50'000
Net cash from financing activities		50'000
Net increase in cash and cash equivalents		26'168
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 28 July 2021 (date of inception)		-
Net increase in cash and cash equivalents		26'168
Effect of movements in exchange rates on cash held		-
Cash and cash equivalents at 31 December 2021		26'168

Iconic Digital Assets AG

Notes to the financial statements

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

1 Reporting entity

Iconic Digital Assets AG ('the company') is a limited liability company registered in Liechtenstein no: FL-0002.663.919-3.

The company's registered office address is at: c/o Griffin Trust AG, Landstrasse 36, Triesen, Liechtenstein.

The company is primarily concerned with the issuing of regulated securities, specifically the Iconic Physical Ethereum ETP (ISIN: DE000A3GTML1), and the holding of intangible property assets in connection with the same.

By resolution of the members dated 4 November 2021, the company changed its name from Iconic Funds Digital Assets AG to Iconic Digital Assets AG.

2 Basis of preparation

The company's accounts have been prepared on a going concern basis in accordance with IFRS.

3 Functional and presentational currency

The company's financial statements are presented in EUR. All amounts have been rounded to the nearest whole number, unless otherwise stated.

4 Use of judgements and estimates

In preparing these financial statements, the company's management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

There were no areas where judgements and estimates have been required in preparing the financial statements.

5 Significant accounting policies

(a) Measurement of fair values

When measuring the fair market value of an asset or liability, the company uses observable market data as far as possible.

Fair values are categorised into different levels in a fair value hierarchy based on the nature of the assets and the prevailing conditions in the markets on which those assets can be traded as follows:

- i. level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Iconic Digital Assets AG

Notes to the financial statements *(continued)*

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

- ii. level 2: inputs other than quoted prices that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- iii. level 3: inputs for an asset or liability that are not based on observable market data (i.e. unobservable inputs).

(b) Capitalised items

The following costs are accounted for as part of the capitalized cost of the company's assets:

- i. the acquisition cost
- ii. incidental costs of purchase and sale
- iii. stamp taxes payable
- iv. costs incurred in securing and defending title

(c) Translation of non-EUR amounts

Monetary assets and liabilities have been translated in to EUR at the appropriate rate of exchange prevailing

at the balance sheet date. Income and expenditure items have been translated at the rate of exchange prevailing on the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

(d) Income and expenditure recognition

Income and expenses are generally recognized on an accruals basis unless stated to the contrary.

(e) Corporate income tax

Income tax expense comprises current tax only and is recognized in profit or loss.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

6 Investments in intangible assets

The company's intangible assets consist of a single holding of ethereum cryptocurrency. The composition of the company's investment portfolio is designed to reflect the performance of the Coin Metrics Bletchley Index Ethereum (CMBIETH) Index.

	2021 EUR
Intangible assets	
Ethereum	363'492
	363'492
	EUR 363'492

(a) Valuation of intangible fixed assets

The company's intangible fixed assets are classified as level 1 observables and, accordingly, are valued on the basis of observable quoted prices in active markets.

Iconic Digital Assets AG

Notes to the financial statements *(continued)*

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

7 Debtors and prepayments

	2021 EUR
Prepayment of management expenses	6'061
	EUR 6'061

8 Cash and bank balances

	2021 EUR
Bank Frick bank deposits	26'168
	EUR 26'168

9 Capital and reserves

(a) *Ordinary Shares EUR 1*

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

	2021
Shares in issue	
At 28 July	-
Subscriptions	50'000
Redemptions	-
	50'000
Authorized	50'000

(b) *Retained earnings*

The company's retained earnings consists of its accumulated profits less distributions paid to shareholders.

(c) *Fair value reserve*

The fair value reserve comprises the unrealized gain or loss on the company's non-current assets.

10 Provision for taxation

	2021 EUR
Provision for Liechtenstein Minimum Corporate Income Tax	1'736
	EUR 1'736

Iconic Digital Assets AG

Notes to the financial statements *(continued)*

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

11 Creditors and accruals

	2021 EUR
Settlement agent fees	14'291
Trustees' fees	3'257
Official advertising fees	25
Provision for exchange listing fees	500
Provision for investment administration fees	1'000
Provision for accountancy fees	4'840
	EUR 23'913

12 Borrowing

Borrowing consisted of collateralized exchange traded bearer notes issued in the form of a Global Bearer Certificate under the Iconic Physical Ethereum ETP series and listed on the Deutsche Bourse stock exchange under the ISDN: DE000A3GTML1.

	2021 EUR
Iconic Physical Ethereum ETP series	363'427
	EUR 363'427

(a) Description of Iconic Physical Ethereum ETP series

The notes are limited recourse profit participation notes without maturity date. Each holder has the right to require the Company to redeem the notes at any time. The assets in which the company invests the subscription proceeds of the issue of the notes are known as the Series Assets. Noteholders have the right to receive on the redemption of each note an amount equal to the note value calculated as follows:

- on the issue date of each note, the note value is equal to the issue price of the note.
- on any valuation date thereafter, the note value is calculated as the note value on the immediately preceding valuation date adjusted by the percentage change in the value of the Series Assets (net of any costs and expenses of the company) since such preceding valuation date.

Obligations of the company to the noteholders are secured by the series assets.

(b) Issuance of notes

	2021 Notes
Notes in issue	
At 16 July	-
Subscriptions	109'250
Redemptions	-
At 31 December	109'250
Authorized	5'000'000'000

Iconic Digital Assets AG

Notes to the financial statements *(continued)*

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

13 Contingent liabilities

There were no contingent liabilities at the balance sheet date (2020: EUR nil).

14 Management fee income

The company is entitled to charge a management fee based on the value of the Series Assets.

	2021 EUR
Iconic Physical Ethereum ETP series	65
	EUR 65

15 Management costs

	2021 EUR
Company formation	7'965
Fiduciary	9'640
Accountancy	5'665
Settlement agent	14'291
Exchange listing	500
Investment administration	1'000
Official advertising	25
Official fees and duties and other regulatory expenses	987
Bank charges	338
	EUR 40'411

Iconic Digital Assets AG

Notes to the financial statements *(continued)*

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

16 Revaluation of intangible assets

(a) *realised and unrealised gains and losses consisted of:*

	2021 EUR
Gains / (losses) on revaluation of intangible assets	(4'116)
	(4'116)

(b) *reconciliation of realised and unrealised gains and losses*

	2021 EUR
Opening value of borrowing	-
Add: intangible assets purchased	367'608
Less: intangible assets sold	-
	367'608
Add: realised and unrealised gains / (losses)	(4'116)
	EUR 363'492

17 Revaluation of borrowing

(a) *realised and unrealised gains and losses consisted of:*

	2021 EUR
Gains / (losses) on revaluation of borrowing	4'116
	4'116

(b) *reconciliation of realised and unrealised gains and losses*

	2021 EUR
Opening value of borrowing	-
Add: subscriptions	367'608
Less: redemptions	-
Less: management fees	(65)
	367'543
Add: realised and unrealised (gains) / losses	(4'116)
	EUR 363'427

Iconic Digital Assets AG

Notes to the financial statements *(continued)*

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

18 Corporate income tax

(a) Summary of applicable taxation principles

The company is tax resident in Liechtenstein by virtue of being established under Liechtenstein law and being centrally managed and controlled there.

Accordingly, the company's worldwide profits, calculated in accordance with the Liechtenstein Persons and Company Law 1926, as amended, are exposed to Liechtenstein Corporate Income Tax on an arising basis.

(b) Charge to corporate income tax

	2021 EUR
Current tax expense	
Minimum corporate income tax	1'736
	1'736
	EUR 1'736

19 Increase in capital from issue of shares

On 28 July 2021, Iconic Funds GmbH subscribed for 50'000 ordinary shares for EUR 1 per share.

	2021 EUR
Ordinary Shares EUR 1	50'000
	EUR 50'000

20 Related-party transactions

Griffin Trust AG is a related party by virtue of the economic interest held by one or more of the directors.

Management expenses paid to Griffin Trust AG are disclosed in note 15. The balances due at the period end in respect of these fees are disclosed in note 11.

Iconic Digital Assets AG

Schedules to the financial statements

for the reporting period from 28 July 2021 (date of inception) to 31 December 2021

1 Schedule of investments in intangible investments

	<u>at 28 July 2021 (date of inception)</u>		<u>Acquisitions</u>		<u>Disposals</u>			<u>at 31 December 2021</u>			Income EUR
	Holding shares	Book cost EUR	Holding shares	Book cost EUR	Holding shares	Proceeds EUR	Profit / (loss) EUR	Holding shares	Book cost EUR	Market value EUR	
Intangible assets											
Ethereum	-	-	109.18372037	367'608	-	-	-	109.18372037	367'608	363'492	-
		-		367'608		-	-		367'608	363'492	-
		EUR -		EUR 367'608		EUR -	EUR -		EUR 367'608	EUR 363'492	EUR -

Private and Confidential
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