

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements**  
**for the period 1 January 2021 to**  
**30 June 2021**

Company number: HRB 116980

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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	<b>Pages</b>
Balance Sheet	1
Statement of comprehensive income	2
Cash Flow Statement	3
Statement of Changes in Equity	4
Notes to the financial statements	5 - 9
Interim Management Report	10 - 11
Responsibility Statement	12

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**BALANCE SHEET**  
**as at 30 June 2021**

	Notes	30.06.2021 €	31.12.2020 €
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	11	8,460,410	11,884
Cash and cash equivalents		59	3,637
Total current assets		<u>8,460,469</u>	<u>15,521</u>
<b>Total assets</b>		<u><u>8,460,469</u></u>	<u><u>15,521</u></u>
<b>SHAREHOLDERS EQUITY</b>			
Share capital	6	25,000	25,000
Paid in capital	7	240,487	75,000
Retained earnings		(204,575)	(95,485)
<b>Total shareholders equity</b>		<u>60,912</u>	<u>4,515</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	8,399,557	11,006
Total liabilities		<u>8,399,557</u>	<u>11,006</u>
<b>Total liabilities and shareholders equity</b>		<u><u>8,460,469</u></u>	<u><u>15,521</u></u>

The accompanying notes on pages 5 to 9 are an integral part of these financial statements.

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**STATEMENT OF COMPREHENSIVE INCOME**  
for the period ended 30 June 2021

		<b>01.01.2021 to 30.06.2021</b>	<b>01.01.2020 to 31.12.2020</b>
		€	€
	Notes		
Revenue	9	11,882	28
Revenue with affiliated Company		147,466	-
Selling, General & Administrative Expenses	10	(268,438)	(80,957)
<b>Operating Result</b>		<u>(109,090)</u>	<u>(80,929)</u>
<b>Net loss for the financial period</b>		<u><u>(109,090)</u></u>	<u><u>(80,929)</u></u>

The accompanying notes on pages 5 to 9 are an integral part of these financial statements.

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

**CASH FLOW STATEMENT**

for the period ended 30 June 2021

		01.01.2021 to 30.06.2021 €	01.01.2020 to 31.12.2020 €
	Note		
<b>Cash flows from operations</b>			
Loss for the period before tax		(109,090)	(80,929)
Changes in working capital:			
Movement in trade and other receivables	11	(152,230)	(11,333)
Movement in trade and other payables	12	92,255	6,305
<b>Net cash flows from operation</b>		<u>(169,065)</u>	<u>(85,957)</u>
<b>Cash flows from investing activities</b>			
Payments due to financial investments within the scope of short term financial planning		(8,296,297)	-
<b>Net cash flows used in investing activities</b>		<u>(8,296,297)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Additional paid-in capital	7	165,487	75,000
Proceeds from issue of bonds		8,296,297	-
<b>Net cash flows generated from financing activities</b>		<u>8,461,784</u>	<u>75,000</u>
<b>Net movement in cash and cash equivalents</b>		<b>(3,578)</b>	<b>(10,957)</b>
Cash and cash equivalents at the beginning of the year		3,637	14,594
<b>Cash and cash equivalents at the end of the period/ year</b>		<u><u>59</u></u>	<u><u>3,637</u></u>

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**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**STATEMENT OF CHANGES IN EQUITY**

for the period ended 30 June 2021

	<b>Issued Capital</b>	<b>Additional paid-in capital</b>	<b>Retained earnings</b>	<b>Total</b>
	€	€	€	€
Balance at 1 January 2020	25,000	-	(14,556)	10,444
Loss for the year	-	-	(80,929)	(80,929)
Paid in capital	-	75,000	-	75,000
<b>Balance at 31 December 2020</b>	<b><u>25,000</u></b>	<b><u>75,000</u></b>	<b><u>(95,485)</u></b>	<b><u>4,515</u></b>
Balance at 1 January 2021	25,000	75,000	(95,485)	4,515
Loss for the period	-	-	(109,090)	(109,090)
Paid in capital	-	165,487	-	165,487
<b>Balance at 30 June 2021</b>	<b><u>25,000</u></b>	<b><u>240,487</u></b>	<b><u>(204,575)</u></b>	<b><u>60,912</u></b>

The accompanying notes on pages 5 to 9 are an integral part of these financial statements.

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 Company registry data, structure and previous year's figures**

Pursuant to Article 115 WpHG (German Securities Trading Law), Iconic Funds BTC ETN GmbH has become obligated to prepare and to publish half-year financial statements as of June 30, 2021.

The half-year financial statements as of June 30, 2021 of Iconic Funds BTC ETN GmbH, Frankfurt am Main (registered at the Local court Frankfurt am Main under the HRB no. 116980) have been prepared pursuant to Article 242 et seq. HGB and supplementary provisions applicable to corporations in section 264 et seq. HGB.

**2.1 Basis of preparation and adoption of IFRS**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These financial statements were approved for issuance by the Board of Directors of the Company on 7 October 2021.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates.

*Interpretations and amendments to existing standards*

<b>New regulation</b>	<b>Issued on</b>	<b>Effective for annual periods beginning on or after</b>	<b>In EU effective for annual periods beginning on or after</b>	<b>Early adoption</b>	<b>Company's assessment of the regulation</b>
Amendments to IAS 1 - Presentation of Financial Statements	July 15, 2020	January 1, 2023	January 1, 2023	Earlier application of the January 2020 amendments continue to be permitted	No significant changes expected
Amendments to IAS 1 and IAS 8: Definition of Material	October 31, 2018	January 1, 2020	January 1, 2020		After assessment - no significant adjustments needed
Amendments to IAS 16 - Property, plant and Equipment	May 14, 2020	January 1, 2022	January 1, 2022	Earlier application is permitted	No significant changes expected
Amendments to IAS 37 - Provisions, Contingent Liabilities	May 14, 2020	January 1, 2022	January 1, 2022	Earlier application is permitted	No significant changes expected
Amendments to IAS 41: Taxation in Fair Value Measurements	May 14, 2020	January 1, 2022	January 1, 2022	Earlier application is permitted	No significant changes expected

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2 Summary of significant accounting policies - continued**

**2.1 Basis of preparation and adoption of IFRS - continued**

<b>New regulation</b>	<b>Issued on</b>	<b>Effective for annual periods beginning on or after</b>	<b>In EU effective for annual periods beginning on or after</b>	<b>Early adoption</b>	<b>Company's assessment of the regulation</b>
Amendments to IFRS 1: First-time adoption of IFRS	May 14, 2020	January 1, 2022	January 1, 2022	Earlier application is permitted	No significant changes expected
Amendments to IFRS 3: Business Combinations	October 22, 2018	January 1, 2022	January 1, 2022		No significant changes expected
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	September 26, 2019	January 1, 2020	January 1, 2020	Permitted if IFRS 9 "Financial Instruments" and IFRS 15 "revenue from contracts with customers" are applied at the adoption date or earlier	After assessment - no significant adjustments needed
Amendments to IFRS 16: Rent concessions	May 28, 2020	June 1, 2020	June 1, 2020	Earlier application is permitted	After assessment - no significant adjustments needed
IFRS 17: Insurance contracts	May 18, 2017	January 1, 2023	January 1, 2023	Permitted if IFRS 9 "Financial Instruments" and IFRS 15 "revenue from contracts with customers" are applied at the adoption date or earlier	No significant changes expected
Amendments to Reference to the Conceptual Framework in IFRS Standards	March 29, 2018	January 1, 2020	January 1, 2020		After assessment - no significant adjustments needed



**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**NOTES TO THE FINANCIAL STATEMENTS - continued**

**2 Summary of significant accounting policies - continued**

**2.2** *Going concern*

The financial statements disclose all matters of which the Company is aware and which are relevant to the Company's ability to continue as a going concern, including all significant events, mitigating factors and the Company's plans. Accordingly, the financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the recoverability of assets and the satisfaction of liabilities and commitments in normal course of business.

**2.3** *Foreign currency translation*

These financial statements are presented in EUROS ("EUR", which is the functional and presentation currency of the Company.

Transactions in currencies other than the Company's currency are recognised at the rates of exchange prevailing at the dates of the transactions. Receivables and liabilities in foreign currencies, which are due for settlement in less than one year, are translated at the average spot exchange rate prevailing on the balance sheet date. In other cases, potential falls in the exchange rate will be taken into account.

**2.4** *Other receivables and other assets*

Other receivables and other assets are recognised at amortised cost. Other receivables are tested for impairment losses if there is reason to believe that the assets may be impaired. In order to determine whether there is a requirement to record the impairment of an asset, the recoverable amount of the respective asset (the higher of the fair value less costs to sell and the value in use) is compared with the carrying amount of the asset. If recoverable value is lower than the carrying amount, the difference is recognised as an impairment loss.

**2.5** *Cash and cash equivalents in the statements of financial position*

Cash and cash equivalents include cash in hand, cash at bank, short-term deposits with original maturities of 3 months or less and restricted cash.

**2.6** *Provisions, Trade and other payables*

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The current income tax charge is determined in accordance with the relevant tax law regulations in respect of the taxable profit. The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in countries where the Company operates and generates taxable income.

**2.7** *Deferred income tax*

Pursuant to Article 274 HGB, deferred taxes are not being recorded.

**3 Critical accounting estimates and judgments**

The Company made estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current or next financial year are discussed below.

**3.1** *Fair value estimation*

The nominal values of liabilities and receivables less impairment with a maturity up to one year are assumed to approximate their fair values.

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**NOTES TO THE FINANCIAL STATEMENTS - continued****4 Financial risk management****4.1.1 Financial risk factors**

The Company's overall risk management program focuses on minimising the potential adverse effects of the financial risks on the performance of the Company. The financial risk is managed under policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk, as well as covenants in financing agreements.

**4.1.2 Currency risk**

Note: Other liabilities consists of amounts due to the parent company Iconic Funds GmbH.

**4.1.3 Liquidity risk**

Liquidity risk management implies maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities. All trade payables are due within one year from the end of the reporting year.

**4.2 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for the sole shareholder and benefits for other stakeholders. The Company was not regulated for capital requirements purposes and the Company utilises funds provided by related parties to fund its activities.

**4.3 Fair values**

The fair value of a financial asset and liability is the amount at which an asset can be sold or a liability transferred in a current transaction between market participants, other than in a forced or a liquidation sale.

The nominal values of liabilities and receivables less impairment with a maturity up to one year are assumed to approximate their fair values.

**5 Other receivables**

Other receivables consists of receivables from the parent company, which were not impaired due to the financial stability of the above mentioned Company. All receivables are payable within one year.

**6 Share capital**

The Company's share capital is composed of 25,000 shares with a nominal value of EUR 1 each.

**7 Paid in capital**

During the period, the parent company has decided to provide an additional EUR 165,487 (2020: EUR 75,000) in capital contribution in order to secure the Company's financial position.

**8 Trade and other payables**

Trade and other payables are mainly relate to vendor invoices. All trade payables are due within one year from the end of the reporting year.

**9 Income**

Income consists of income from the reversal of provisions and delta movements between bitcoin balance and bitcoin entitlement.

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**NOTES TO THE FINANCIAL STATEMENTS - continued**

**10 Selling, general and administrative expenses**

Selling, general and administrative expenses are mainly composed of accounting, audit and legal fees.

**11 Trade and other receivables**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	€	€
Other assets	8,296,297	-
Trade receivables	162,363	11,884
Prepayments	1,750	-
	<u>8,460,410</u>	<u>11,884</u>

**12 Trade and other payables**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	€	€
Other payables (note i)	8,296,297	-
Other liabilities	27,392	11,006
Accruals	75,868	-
	<u>8,399,557</u>	<u>11,006</u>

Note i: The bonds shown under the liabilities – Iconic Funds Physical Bitcoin ETP („XBTI“) – are bearer bonds according the German law and are secured with deposited Bitcoins at a qualified and regulated depository. The product has no fixed expiration date.

**13 Other information**

The abridged financial statements and the interim Management Report of Iconic Funds BTC ETN GmbH were neither reviewed nor audited pursuant to section 317 of the German Commercial Code (HGB).

## Iconic Funds BTC ETN GmbH Interim Financial Statements - 30 June 2021

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### Interim Management Report

Iconic Funds BTC ETN GmbH (the “Company”) is incorporated and operates under the laws of Germany and maintains its principal place of business at Grosse Gallusstrasse 16-18, 60311 - Frankfurt Am Main (Germany). The only activity of the Company is the issuance of a bond which is secured by Bitcoin (XBTI - Iconic Funds Physical Bitcoin ETP - ISIN: DE000A3GK2N1). The Company’s goal is to offer affordable, regulated and tradable securities that fully meet all institutional investors’ needs in terms of quality, security, robustness and liquidity.

The Company issued a security (“XBTI” or the “Notes”, Bloomberg ticker XBTI) on 15th April 2021, following approval from BaFin. XBTI are secured zero coupon bonds with no fixed maturity date, 100% physically backed by Bitcoin stored in so called cold storages, highly regulated and trusted crypto custodians. Each Note represents the right of the holder of the Note (the “Holder”) to demand from the Company a delivery of Bitcoin via Authorized Participants equal to the Holder’s claim against the Company in respect of each Note, expressed as the amount of BTC per Note.

The Notes are freely transferable. XBTI was listed on the Deutsche Börse’s XETRA on 12th May 2021, followed by a listing on the SIX Swiss Exchange, Euronext Paris and Amsterdam, and passported into several European jurisdictions including Germany, the Netherlands, Norway, Sweden, Italy, France, Estonia, Poland, Slovakia, Spain, Finland, Greece, Portugal, Slovenia, the Czech Republic, Denmark, Austria, Belgium, Cyprus, Ireland, Liechtenstein, Switzerland, Luxembourg and Malta. Each unit of XBTI gives the Holder a claim on a predefined amount of Bitcoin (0.0001 BTC initially minus management fee of 0.95% p.a. accrued daily).

The Company is entitled to redeem the Notes at any time in whole but not in part. The Company must redeem the Notes upon occurrence of certain events. Such events include, among others, the entering into force of a new law or regulation that requires the Company to obtain any license in order to continue to comply with its obligations under the Notes; if a third party service provider ceases to provide services to the Company and the Company fails to find a replacement within a reasonable time; or if the Company was ordered by a competent court or otherwise became required by law to arrange for mandatory redemption. The exercise of the mandatory redemption right by the Company inevitably leads to a redemption of the Notes for the Holders.

The Company does not engage in activities other than the issuance of the Notes. In particular, it does not engage in research and development activities. The Company did not set up any subsidiary or foreign branch during the period under review.

Iconic Funds BTC ETN GmbH would like to thank all XBTI holders for their trust and support during this period. With the successful launch of XBTI we will continue to provide the highest level of service and security to our investors. XBTI surpassed the milestone of \$10 million AUM in under 3 months and was successfully listed on SIX Swiss Exchange, Euronext Paris and Amsterdam.

#### Risks and uncertainties

The main risks as defined by the Company are the following:

- Business risk
- Regulatory risk
- Operational risk
- Financial risk
- Other risks

The Company is not exposed to risks associated with market price volatility, as it receives the Bitcoins that physically back the Notes before their issuance. Thus, the Company does not have to source these Bitcoins independently.

## Iconic Funds BTC ETN GmbH

### Interim Financial Statements - 30 June 2021

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#### Interim Management Report

##### i) Business risk

Although the Company does not face risks associated with market price volatility associated with the Bitcoin backing the Notes, a severe drop in the price of Bitcoin could negatively affect the Company's sources of revenue. The demand in the Notes could drop the redemption requests could increase if the attractiveness of the underlying investment were to diminish. This could lead to a reduction in the Assets Under Management and the associated revenues earned by the Company. The Company monitors financial performance variance versus its budget closely and can take measures in a timely manner to reduce costs to maintain profit-margins.

##### ii) Regulatory risk

Over the past few years many, large and well-established financial institutions and asset managers have become involved in businesses in or around investments in cryptocurrencies. Regulators have generally accepted cryptocurrencies as an asset class are here to stay and have adopted a pragmatic stance to accommodate the growing interest in cryptocurrencies from the investment community. However, the Company is subject to the risk of changes in the rules and regulations concerning cryptocurrencies, blockchain technology and digital assets in general, but also the listing of the Notes as well as the Company itself and its business and it is impossible to predict how regulatory outlook and policy may evolve. An increase in regulation or could lead to a curtailment in investor appetite and a decreased demand. In part to mitigate this risk, the company has passported the Notes to several European jurisdictions.

##### iii) Operational risk

The Company has put in place structures and processes to ensure that operations run smoothly and that AUM is measured regularly, accurately and verifiably. The Company has taken the additional step to put in place an independent administrator, State Street Bank International GmbH, and a security trustee, Bankhaus von der Heydt GmbH & Co. KG, to address the increased operational risk associated with cryptocurrencies. Because clearing houses like Clearstream Banking AG do not yet handle Bitcoin as a supported currency for DVP/RVP, the Notes need to move between the Company and authorised participant brokers on a Free-of-Payment basis and the corresponding movement of cryptocurrencies need to happen independently. Any movement of cryptocurrencies needs to be carefully supervised by not only the operations team at the Company, but also by the independent security trustee without whose approval, no transfers of Bitcoin (or other cryptocurrencies) can take place from the Company's account at the Depository. Additional sophisticated measures are in place to maintain the integrity of these processes.

##### iv) Financial risks

Within the adopted business and operational model, the Company cannot receive fiat currency but only Bitcoin as a payment for the Notes. For redemptions, the Company receives the Notes to be redeemed before sending Bitcoins. As the Company does not need to purchase Bitcoin, it hardly has any exposure to market and currency risks. In addition, the Company therefore faces very limited counterparty risks.

##### v) Other risks

As is best practice, key risks are reviewed on a regular basis and where appropriate, actions are taken to mitigate the key risks that are identified. The key risks and uncertainties for the remaining six months are unchanged from those disclosed above. At present, no new or developing risks that could endanger the Company's performance have been identified. With regards to the ongoing Coronavirus global pandemic, no risks can be identified that would put into question the Company's core business.

**Iconic Funds BTC ETN GmbH**  
**Interim Financial Statements - 30 June 2021**

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**Interim Management Report**

**Responsibility Statement**  
**By the Chairman of the Board of Directors**

To the best of my knowledge, I confirm that in accordance with the applicable accounting principles for the preparation of financial statements, the interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the management report includes a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company, and describes significant risks and uncertainties faced by the Company.

Frankfurt Am Main, 30 September 2021  
Iconic Funds BTC ETN GmbH

DocuSigned by:  
*Patrick Lowry*  
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