

# **Bitwise Europe GmbH**

## **Frankfurt am Main**

Report on the audit of the standalone financial  
statements pursuant to IFRS as of December  
31, 2024





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**Report on the audit of the  
standalone financial statements pursuant to IFRS as of  
December 31, 2024**



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Please note that the use of rounded amounts and percentages may result in rounding differences of one unit (EUR, %, etc.).



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## 1. Engagement

Due to our election as auditor by the shareholders' meeting of October 28, 2024, the management of

**Bitwise Europe GmbH,  
Frankfurt am Main**  
(hereinafter also referred to as "Bitwise" or "Company")

engaged us to conduct a voluntary audit of the Company's standalone financial statements as of December 31, 2024, according to International Financial Reporting Standards (IFRS) as applicable in the EU, in accordance with the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*, IDW) in accordance with Art. 317 et seq. HGB and to report in writing on the results of our audit.

Pursuant to Art. 321 (4a) HGB, we confirm to have complied with the applicable independence requirements during our audit.

We report about our audit's type, scope and result in this report according to the principles pursuant to IDW PS 450, as amended, to which we have attached the standalone financial statements audited by us. This report is addressed to the audited company.

The performance of our engagement and our responsibility – also in relation to third parties – are based upon the General Terms of Engagement for Auditors and Auditing Companies as amended January 1, 2024 ("GTE"; *Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in der Fassung vom 1. Januar 2024*) which are attached to this report as Annex.

In deviation from the aforementioned GTE's wording in No. 10 (3), only the electronic audit report will be handed over. Beyond this, there is no entitlement to paper copies of the report.



## **2. Auditor's report**

On August 18, 2025, we issued and signed in Munich an auditor's report upon Bitwise Europe GmbH, Frankfurt am Main's standalone financial statements for the fiscal year from January 1, 2024 through December 31, 2024, in the version attached to this report as Annex 1, which is stated below:

### **"INDEPENDENT AUDITOR'S REPORT**

To Bitwise Europe GmbH

#### **Audit opinion**

We have audited Bitwise Europe GmbH's standalone financial statements pursuant to IFRS, comprising the balance sheet as of December 31, 2024, the statement of profit or loss and other comprehensive income for the fiscal year from January 1, 2024 through December 31, 2024, the cash-flow statement and the statement of changes in equity as well as the notes to the standalone financial statements, including a presentation of the accounting and valuation methods.

According to our assessment based on the knowledge obtained during the audit, the attached standalone financial statements comply, in all material respects, with the requirements pursuant to IFRS as applicable in the EU and provide a true and fair view of the Company's assets and financial position as of December 31, 2024 and of its profit situation for the fiscal year from January 1, 2024 through December 31, 2024.

Pursuant to Art. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the standalone financial statements' legal compliance.

#### **Basis for our audit opinion**

We have conducted our audit of the standalone financial statements in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*; "IDW"). Our responsibilities pursuant to these requirements and principles are further described in the section "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" in our auditors' report. We are independent from the Company in accordance with the requirements pursuant to German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe the audit



evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions expressed on the standalone financial statements.

### **Legal representatives' and the Audit, Risk and Compliance Committee's responsibilities for the standalone financial statements**

The legal representatives are responsible for the preparation of the standalone financial statements that comply, in all material respects, with the requirements pursuant to IFRS as applicable in the EU and that the standalone financial statements provide a true and fair view of the Company's net assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have determined as being necessary in order to provide for the preparation of standalone financial statements that are free from material misstatements, whether due to fraud (i.e., manipulation of accounting and property damage) or error.

When preparing the standalone financial statements, the legal representatives are responsible to assess the Company's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the continuation as a going concern. Furthermore, they are responsible for financial reporting based on the going concern principle unless otherwise required due to actual or legal circumstances.

The Audit, Risk and Compliance Committee ("ARC") is responsible for monitoring the Company's accounting process for the preparation of standalone financial statements pursuant to IFRS as applicable in the EU.

### **Auditor's responsibilities for the audit of the standalone financial statements**

Our objective is to obtain reasonable assurance as to whether the standalone financial statements as a whole are free from any material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the standalone financial statements.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as promulgated by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.



We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the standalone financial statements, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than the risk of not detecting any material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal controls and of arrangements and measures relevant for the audit of the standalone financial statements, in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal controls of the Company or of these arrangements and measures;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. 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 standalone financial statements, including the disclosures, and whether the standalone financial statements present the underlying transactions and events in a manner that the standalone financial statements provide a true and fair view of the Company's assets, liabilities, financial position and profit situation in accordance with IFRS Accounting Standards as applicable in the EU.



We discuss with the supervisors, inter alia, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in the internal controls we identify during our audit.”

### **3. Subject, type and scope of the audit**

Subject of our audit were Bitwise’s standalone financial statements prepared in accordance with IFRS as applicable in the EU, comprising the balance sheet as of December 31, 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the cash flow statement for the fiscal year from January 1, 2024 through December 31, 2024, as well as the notes to the standalone financial statements.

The legal representatives’ and the ARC’s responsibilities for the standalone financial statements as well as the auditor’s responsibilities for the audit of the standalone financial statements are presented in detail in our auditor’s report. In connection herewith, please note that an examination of compliance with legal provisions not related with accounting issues is part of an audit only to such extent such other provisions usually affect the audited standalone financial statements. Furthermore, our audit generally does not have to include an examination as to whether the audited Company’s continued existence or the management’s effectiveness and efficiency can be guaranteed.

We conducted our audit with interruptions from July 2025 through August 2025.



In the following, we present the principles of our audit approach:

### **Risk assessment and materiality**

- ▶ Obtaining an understanding of the Company, its environment and its applicable accounting policies, as well as its internal control system
- ▶ Determination of materiality for the financial statements as a whole
- ▶ Identification and assessment of the risks of misstatement and determination of “key audit matters” and other audit priorities:
  - Misstatements due to fraudulent actions at financial statement level and at the level of individual statements
  - Evidence and valuation of cryptocurrency holdings and bearer bonds recognized in the balance sheet
  - Recognition of revenue
  - Completeness and plausibility of the disclosures in the notes to the standalone financial statements
- ▶ Assessment of the design and implementation of controls that address the risks of material misstatement (relevant controls) and general IT controls in this context

### **Audit response to the assessed risks**

- ▶ Conducting and evaluating functional tests of controls and general IT controls on whose effectiveness reliance was placed in performing assertion-based audit procedures related to the following balance sheet items and audit areas:
  - Revenue
- ▶ Additional substantive testing of significant financial statement items and risk-sensitive audit areas using:
  - Conducting and evaluating substantive analytical audit procedures
  - Individual case audits and assessment of individual issues, in particular:
  - Obtaining lawyers’ and tax advisors’ confirmations
  - Obtaining banks’ confirmations



- Obtaining the administrator's confirmations
- Obtaining the trustees' confirmations
- Obtaining the custodian banks' confirmations

#### **Overall assessment of audit results and reporting**

- ▶ Formation of audit opinion
- ▶ Reporting in the audit report and audit opinion
- ▶ Oral explanations of the audit results to the management

The company has outsourced its accounting to its parent company, ETC Management Ltd., London. In addition, the preparation of the annual financial statements and the management report has been partially outsourced to the service provider BFS Revision- und Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Offenbach am Main. In assessing the Company's accounting-related internal control system, we evaluated and reviewed the documentation of procedures between the service providers and the Company insofar as it relates to the assessment of the outsourced control activities of the annual financial statement preparation process.

All requested explanations and verifications were readily provided to us by the management and the employees appointed for disclosing information to us; furthermore, the customary letter of representation was submitted to us in writing. The letter of representation especially confirms that all accountable transactions have been duly recorded in the accounting records and that, in the present standalone financial statements, all assets, liabilities, accruals and deferrals are properly stated, that all expenses and earnings have been disclosed, that all risks have been taken into account and that all required information has been provided.



## **4. Accounting-related findings and explanations**

### **4.1. Correctness of financial reporting**

#### **4.1.1. Bookkeeping and further documents under review**

Based on our findings, the accounting records are correct in all material respects. According to our findings, the accounting records and related documents comply with the legal requirements despite the weaknesses described below.

During our audit of the structure and implementation of the general computer controls, we identified the following indications of relevant weaknesses with regard to the accounting-related data's and IT systems' reliability and/or the accounting-related internal IT control system's effectiveness:

- Controls for monitoring IT service providers have not been implemented. This includes controls for monitoring the agreed service levels and KPIs, the assessment of relevant audit reports on the service-related internal control system and own controls in the event of the use of specialist IT support/other external procurement of IT services.
- Administrative authorizations are not limited to IT employees; there is no documented monitoring of the activities of privileged user IDs. According to IDW RS FAIT1 para. 79, additional measures must be taken if, e.g., due to staffing levels, a separation of functions in the performance of tasks between IT and business processes is not possible.
- There is a low level of formalization in the area of IT emergency management. Important content (probability of occurrence and extent of damage; necessary availability and tolerable downtimes, interaction of own measures with service providers) is not defined in the IT emergency plan. No IT emergency tests were performed during the audit period. As these IT risks did not materialize in the financial year, there is no impact on the audit. However, remediation is strongly recommended.
- Furthermore, there were formal deficiencies in the description of the processes / timeliness of the guidelines for the IT processes.

Overall, our audit of the IT-related internal control system in the area of accounting revealed that IT-relevant processes and procedures are only partially defined (in writing). These are primarily implemented in practice. Documented and comprehensible controls in the sense of mechanisms that ensure process compliance are hardly implemented.



Overall, we assess the maturity level of the IT-related internal control system's audited aspects as informal. We strongly recommend increasing the maturity level of the IT-related internal control system from standardized to controlled.

Due to the internal IT systems' minor significance for the accounting processes, there were no material effects on our planned, statement-related audit approach.

Our additional audit procedures, which we performed on the basis of these findings, did not reveal any indications that the aforementioned matters had a material effect on the standalone financial statements.

#### **4.1.2. Standalone financial statements**

According to our assessment based on our audit's findings, the Company's standalone financial statements as of December 31, 2024 (Annex 1) comply, in all material respects, with the accounting requirements pursuant to IFRS as applicable in the EU in compliance with the legal form-specific requirements.

The standalone financial statements were properly derived from the accounts and further audited documents. All requirements on the structuring, accounting and valuation, on the cash-flow statement, on the statement of changes in equity and on the notes pursuant to IFRS as applicable in the EU have been duly fulfilled in all material respects. The disclosures in the notes are complete and correct in all material respects.

#### **4.2. Standalone financial statements' overall assessment**

##### **Findings on the standalone financial statements' overall assessment**

All in all, i.e., taking into account the balance sheet, the statement of profit or loss and other comprehensive income, the cash-flow statement, the statement of changes in equity and the notes, in compliance with German generally accepted accounting principles, the standalone financial statements provide a true and fair view of the Company's assets, financial position and profit situation.



## **5. Final remark**

We have issued the above report on the audit of Bitwise Europe GmbH, Frankfurt am Main's standalone financial statements for the fiscal year from January 1, 2024 through December 31, 2024 in accordance with legal requirements and the German generally accepted reporting standards for audits (IDW PS 450, as amended).

The auditor's report we issued is included in Section 2. under "Auditor's report".

Munich, August 18, 2025

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

signed  
Tibor Abel  
German CPA

signed  
Andrej Brandscheid  
German CPA



**BITWISE EUROPE GMBH**  
**FINANCIAL STATEMENTS**  
**AS AT 31 December 2024**

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**BITWISE EUROPE GMBH**  
COMPANY NUMBER HRB 116604

**FINANCIAL STATEMENTS**

**31 DECEMBER 2024**



**BITWISE EUROPE GMBH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 December 2024**

Assets	Notes	31 December 2024 EUR	31 December 2023 EUR
Current Assets			
Non financial assets	2.5/3.1/6.2	1.723.597.794	1.148.044.375
Cash and cash equivalents	2.4/6.1	8.446.209	2.240.081
Financial Assets	2.6	17.208.970	4.612.016
<b>TOTAL ASSETS</b>		<b><u>1.749.252.973</u></b>	<b><u>1.154.896.472</u></b>
SHAREHOLDER'S EQUITY			
Share capital	5.1	25.000	25.000
Retained earnings/ (Accumulated losses)		-1.432.904.396	-856.511.646
Other comprehensive income		1.434.624.726	857.298.932
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>1.745.329</b>	<b>812.286</b>
LIABILITIES			
Current Liabilities			
Financial liabilities valued at fair value	3.1	1.722.983.435	1.147.020.673
Trade and other payables	2.7/6.3	23.742.785	6.571.686
Accruals and other provisions	2.8/6.4	331.118	334.200
Income taxes	2.9/6.5	450.307	157.627
<b>TOTAL LIABILITIES</b>		<b>1.747.507.644</b>	<b>1.154.084.186</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b><u>1.749.252.973</u></b>	<b><u>1.154.896.472</u></b>



**BITWISE EUROPE GMBH****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 January 2024 - 31 December 2024**

	Notes	2024 EUR	2023 EUR
Revenue	2.10/6.6	25,839,492	12,020,681
Other Income		973,165	444,720
Other expenses	6.7	-25,638,937	-11,944,260
Gain/(Loss) on fair value movements of liabilities to bondholders	6.9	-577,325,794	-848,141,639
Finance income/(expense)	6.8	85,955	-14,210
Income tax	2.9/6.5	-326,631	-126,733
<b>Net Income/(Loss)</b>		<b>-576,392,750</b>	<b>-847,761,440</b>
Other comprehensive Income			
Net Gain/(Loss) arising on fair value of digital assets		577,325,794	848,141,639
<b>Total income</b>		<b>933,043</b>	<b>380,199</b>



**BITWISE EUROPE GMBH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD 1 January 2024 - 31 December 2024**

	Note	December 2024	December 2023
Total income for the year		933.043	380.199
Increase in trade receivables and financial assets not related to investing or financing activities		-11.673.792	-1.459.975
Increase in other assets not related to investing or financing activities		-575.553.419	-850.430.871
Increase in other liabilities not attributable to financing or investing activities		575.976.109	849.504.671
Increase in trade payables and other liabilities	2.9/6.3	17.154.670	3.698.065
Interest income	6.8	-102.008	0
Income tax expense		326.631	126.733
Income taxes paid		-33.952	-26.018
<b>NET CASH FLOWS FROM OPERATIONS</b>		<b>7.027.282</b>	<b>1.792.803</b>
Payments for short-term investments as part of cash management		-923.162	0
Interest received	6.8	102.008	0
<b>NET CASH FLOWS FROM INVESTING</b>		<b>-821.154</b>	<b>0</b>
Change in cash and cash equivalents		6.206.128	1.792.803
Cash and cash equivalents at the beginning of the period		2.240.081	447.277
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YE</b>	<b>6.1</b>	<b>8.446.209</b>	<b>2.240.081</b>



**BITWISE EUROPE GMBH**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD 1 January 2024 - 31 December 2024**

	Issued Capital	Retained earnings/ (Accumulated losses)	Other comprehensive income	Total Equity
At 1 <sup>st</sup> January 2023	25,000	-8,750,206	9,157,293	432,087
Net Income/(loss) for the year	0	-847,761,440	0	-847,761,440
Other Comprehensive Income for the period	0	0	848,141,639	848,141,639
At 31 <sup>st</sup> December 2023	25,000	-856,511,646	857,298,932	812,286
At 1 <sup>st</sup> January 2024	25,000	-856,511,646	857,298,932	812,286
Net Income/(loss) for the year	0	-576,392,750	0	-576,392,750
Other Comprehensive Income for the period	0	0	577,325,794	577,325,794
At 31 <sup>st</sup> December 2024	25,000	-1,432,904,396	1,434,624,726	1,745,329



**BITWISE EUROPE GMBH**  
**NOTES TO THE ACCOUNTS**  
**AS AT 31 December 2024**

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**Note 1 - Corporate information**

Bitwise Europe GmbH (hereinafter the "Company") was incorporated on August 27<sup>th</sup>, 2019. The company is registered in the commercial register of the local court of Frankfurt am Main under HRB 116604. Bitwise Europe GmbH is a 100% subsidiary of ETC Management Limited, which in turn is a 100% subsidiary of ETC Holdings Limited the ultimate parent company. The three entities together making up the "ETC Group". On October 24<sup>th</sup>, 2024, the company changed its name from ETC Issuance GmbH to Bitwise Europe GmbH.

The Company's financial year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup>. Its objective is to offer to investors cryptocurrency backed bonds to investors.

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

**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, issued and effective as of December 31<sup>st</sup>, 2024.

These financial statements were approved for issuance by the Board of Directors of the Company on 18<sup>th</sup> August 2025.

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

- The bonds issued by the Company are valued according to IFRS 9 at fair value through profit and loss at balance sheet date.
- The digital assets which collateralise the bonds are also revalued at fair value in accordance with IAS 38



**BITWISE EUROPE GMBH**  
**NOTES TO THE ACCOUNTS**  
**AS AT 31 December 2024**

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The Company has early adopted several standards in prior years. Therefore in 2024 there are no new standards, interpretation or amendments that are adopted by the company.

The following standards, interpretation or amendments have been issued by the IASB, but the company does not consider these to be relevant to the presentation of its financial Statements.

New regulation	Published by the IASB	Effective for annual periods beginning on or after	Adopted by the EU	Company's assessment of the regulation
IFRS 17: Insurance Contracts	18 May 2017	January 1, 2023	Yes	No material impact
IFRS 17: Insurance Contracts - several amendments	25 June 2020	January 1, 2023	Yes	No material impact
IAS 1: Classification of liabilities as current or non-current	23 January 2020	January 1, 2023	Yes	No material impact
IAS 1: Disclosure of Accounting Policies	12 February 2021	January 1, 2023	Yes	No material impact
IAS 8: Definition of Accounting Estimates	12 February 2021	January 1, 2023	Yes	No material impact
IAS 12: Deferred taxes on leases and decommissioning and restoration liabilities	07 May 2021	January 1, 2023	Yes	No material impact

Furthermore, the IASB issued IFRS 18 “Presentation and Disclosure in Financial Statements” in April 2024, which is effective for annual periods beginning on or after January 1st,2027 and has not yet been adopted by the European Union. The Company has not opted for early adoption and is currently assessing the potential impact of IFRS 18 on future financial statements.

**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 the normal course of business.



**BITWISE EUROPE GMBH**  
**NOTES TO THE ACCOUNTS**  
**AS AT 31 December 2024**

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**2.3 Foreign currency translations**

These financial Statements are presented in Euro ("EUR"), which is the functional currency of the Company.

Individual foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the time of the transactions, which might comprise:

- i. the average spot exchange rate for a given currency as determined by XE.com as at the date of transaction - in case of settlements of receivables and payables and other transactions or,
- ii. the actual spot rate applied as at the date resulting from the type of transaction - in case of foreign currency purchases and sales.

The foreign exchange gains and losses resulting from the Settlement of transactions in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Digital assets are priced in USD according to prices published by CryptoCompare or Bloomberg. The USD values are then translated to EUR at balance sheet rates as determined by the European Central Bank ("ECB") as described above.

The directors consider there to be an active market in the digital assets held by the Company. Both CryptoCompare and Bloomberg represent accepted industry benchmarks reflecting an amalgamation of prices on the leading exchanges. As such the directors consider there to be minimal judgement required in the application of the prices.

The price reflects the closing price at 4pm and is updated daily based on the number of digital assets held net of any creations or redemptions.

**2.4 Cash and cash equivalents in the Statement of financial position**

Cash and cash equivalents include cash in hand and cash at bank.

Cash and cash equivalents are carried at nominal value in the Statement of financial position.



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**2.5 Non-financial assets**

The company holds two types of digital assets that are accounted for as intangible assets under IAS 38: accrued management fee income received in the form of cryptocurrencies and assets under management (AuM) held in the form of cryptocurrencies.

Accrued management fee income received in the form of crypto currencies is classified as an intangible asset. These crypto assets are initially measured at fair value at the time revenue is recognised and subsequently measured using the revaluation model. Fair value is based on active market prices, with subsequent changes recognised in accordance with IAS 38.

The company's assets under management (AuM) are likewise treated as intangible assets under IAS 38. They are initially recognised at fair value when control is obtained and subsequently measured using the revaluation model. Fair value is based on active market prices, with subsequent changes recognised in accordance with IAS 38.

For details of digital assets, please see note 6.2.

**2.6 Financial assets**

Financial assets consist mainly of Treasury Bills issued by governments with an investment grade credit rating. These are government bonds issued by sovereign issuers in the United States, the European Union, and the United Kingdom.

As of December 31<sup>st</sup>, 2024, the carrying amount of the Treasury bills amounted to kEUR 1.317 (PY kEUR 719), while their fair value was kEUR 1.334 (PY kEUR 725).

The Treasury Bills are classified as financial assets held to maturity and are measured at amortized cost in accordance with IFRS 9. The Company has the positive intention and ability to hold these instruments until maturity. Interest income is recognized using the effective interest method.

Intercompany receivables, prepayments, VAT receivables and receivables from other debtors are also classified as financial assets and measured at amortised cost in accordance with IFRS 9. The Company has the positive intention and ability to hold these instruments until maturity. Due to their short-term nature, the carrying amount of these receivables as of December 31<sup>st</sup>, 2024, amounts to kEUR 15.567 (PY kEUR 3.893) and approximates their fair value.

Furthermore, the company holds a financial asset related to its proprietary Ethereum staking product ("ET32"). The asset is backed by Ethereum and is measured at fair value through profit or loss. As of the reporting date, the fair value of the asset amounted to kEUR 308 (PY kEUR 0).

The company is exposed to liquidity and market risks in connection with its financial assets. Liquidity risk is considered low, as the portfolio consists primarily of short-term, highly liquid instruments with active secondary markets. Market risk arises mainly from potential changes



**BITWISE EUROPE GMBH**  
**NOTES TO THE ACCOUNTS**  
**AS AT 31 December 2024**

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in interest rates and foreign exchange rates. However, due to the short maturities, the overall exposure to market risk is assessed as low.

Due to the exceptional credit quality and investment-grade ratings of the sovereign issuers, such as the governments of the United States, the French Republic, and the United Kingdom, the company considers the probability of default on its financial assets to be negligible. These assets, which are measured at amortised cost or at fair value through, are characterised by deep market liquidity and minimal credit risk. Accordingly, no expected credit losses have been recognised as of the reporting date.

The company also holds a small, non-material position in its proprietary Ethereum staking product (ET32), which is measured at fair value through profit or loss; due to the limited exposure, credit risk is considered immaterial.

**2.7 Trade and other payables**

Trade and other payables include payables to related parties for services received and for other services received. Both are classified as financial liabilities and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, in accordance with IFRS 9.

**2.8 Accruals and Other Provisions**

There is no material uncertainty regarding the amount or timing of settlement, as the underlying obligations arise from contractual arrangements. Therefore, the item does not meet the definition of a provision under IAS 37 and is classified as an accrual within trade and other payables.

No reimbursements are expected in relation to these obligations.

**2.9 Current income tax**

The current income tax Charge is determined in accordance with the relevant tax 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.

Income tax payable represents the amounts payable at the balance sheet date. If the amount paid on account of current income tax is greater than the amount finally determined, the excess is recognised in the Statement of financial position as income tax receivables.

The Company has no timing differences for tax purposes and as such does not recognise any deferred tax assets or liability.

For the year ended December 31<sup>st</sup>, 2023, the Company was subject to a split corporation tax rate in the United Kingdom. A rate of 19% applied to taxable profits of GBP 108.740 and a



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rate of 25% applied to taxable profits of GBP 322.262. As of January 1<sup>st</sup>, 2024, the applicable corporation tax rate increased to 25% for all taxable profits. The change in the applicable tax rate has been considered in determining the current tax charge for the year. No income tax consequences are expected in relation to dividends proposed or declared before the financial statements were authorised for issue.

**2.10 Revenue recognition**

The Company derives revenue from the management of its issued bonds. The recognition is recognised over time according to the terms of the individual bonds and the management fees are deducted directly from the recognised bondholder liabilities in accordance with the terms of the individual bonds. The fees are calculated daily according to the diminishing entitlement of the bond holders as set out in the terms of the individual bonds.

**Note 3 - Critical accounting estimates and judgements**

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

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

The fair value of the cryptocurrencies (see 2.5) is determined by using the market value of these cryptocurrencies and therefore a level 1 valuation. Given there is an active market, the uncertainties in this valuation are very low. Please see note 2.3. Increases in fair value are reflected in Other Comprehensive Income. Decreases in fair value are recognised through the face of the profit and loss account. However, any decrease in gains previously recognised in Other Comprehensive income are also recognised through Other Comprehensive Income.

The bonds derive their value from the entitlement of the bondholder to the relevant digital asset and as such are directly correlated to the fair value of those assets as described above.

The Company does not separate out the embedded derivative but treats the bonds as single discrete instruments as again the derivative acquires its value from the underlying assets redeemable for cash in a liquid market.



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**Note 4 - Financial risk management****4.1 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 provided in financing agreements. There has been no change in the types of risk facing the Company versus the prior periods nor in the way those risks are managed.

**4.2 Currency risk**

As of December 31<sup>st</sup>, 2024, most of the assets and liabilities refer to the cryptocurrency and therefore are not related to any currency in the traditional sense. The remaining balance sheet items are in USD, EUR or GBP and do not bear any significant currency risk. The Company converts its cryptocurrency entitlement into the above currencies according to working capital needs. It does so on a regular scheduled basis to minimize its exposure to price volatility in the underlying cryptocurrencies.

**4.3 Liquidity risk**

Liquidity risk management implies maintaining sufficient cash as well as availability of funding through an adequate amount of committed debt facilities. The Company reviews its cash balances on a regular basis as well as its forecast cash requirements to ensure it has sufficient cash to meet its operating needs.

All trade payables are due within one year from the end of the reporting year.

**4.4 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide returns for the sole shareholder and benefits for other stakeholders. The Company was not regulated for capital requirement purposes and the Company utilises funds provided by related parties to fund its activities as well as the revenue generated from the management of the bonds.

**4.5 Fair Values**

The nominal values of liabilities and receivables less impairment with a maturity up to one year are assumed to approximate to their fair values. Prices of the digital assets themselves and corresponding bonds are inherently volatile but given there is an active market to which we benchmark without adjustment via industry recognised data providers such as CryptoCompare, the risk is deemed to be low.



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**4.6 Collateralisation of bonds**

Per the terms of the bonds, each bond is 100% physically backed by the relevant cryptocurrency. All cryptocurrencies are held in cold storage with a regulated Custodian under the oversight of both an independent third-party administrator and security trustee. Cryptocurrency holdings are independently reconciled by both the Company and the third-party administrator. No new bonds are issued until the underlying collateral has been lodged with the Custodian.

Given the bonds are fully collateralised, there is no liquidity risk. All bondholder liabilities can be met through redemption of the underlying digital assets.

**Note 5 - Equity****5.1 Share capital**

As of December 31<sup>st</sup>, 2024, the Company's share capital is composed of 25,000 ordinary shares, issued and fully paid up with a nominal value of EUR 1 each.

100% of the share capital is owned by its parent Company ETC Management Limited.

There is only one class of share and there have been no movements in the share capital during the year.

Beyond maintaining its paid-up share capital, the Company is not subject to any capital requirements.



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**Note 6 - Notes to the Financial Statements****6.1 Cash and cash equivalents in the Statement of financial position**

The amount of cash and cash equivalents presented in the statement of cash flows corresponds to the components recognised in the statement of financial position under cash and cash equivalents. As of December 31<sup>st</sup>, 2024, cash and cash equivalents totalled kEUR 8.446 (PY kEUR 2.240). This amount comprises balances with AIMS ETCI (kEUR 22; PY kEUR 61), Bank Frick ETCI GmbH (kEUR 68; PY kEUR 70), and SEBA ETCI GmbH, including saving and discount accounts (kEUR 8.355; PY kEUR 2.109).

**6.2 Non-financial assets**

Non-financial assets include intangible assets accounted for in accordance with IAS 38 using the revaluation model. As at the reporting date, these include digital assets (kEUR 1.722.983; PY kEUR 1.145.658) and receivables in the form of cryptocurrencies arising from accrued management fee income (kEUR 614; PY kEUR 1.037), both measured at fair value.

**6.3 Trade and other payables**

As of December 31<sup>st</sup>, 2024, trade and other payables include kEUR 23.577 payables to related parties for Services received and kEUR 166 for other Services received.

**6.4 Accruals and Other Provisions**

As of December 31<sup>st</sup>, 2024, the company recognized accruals totalling kEUR 331 (PY kEUR 334). These accruals relate solely to goods and services received before the reporting date for which no invoices had yet been received.

**6.5 Income taxes**

The Company recognises only current taxes. A tax reconciliation is not done as it is not considered material.

**6.6 Revenue**

Revenue is recognised only for the period in question and is related to the management of the bond portfolio of the Company.



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**6.7 Other expenses**

The other expenses are mainly related to services received for the management of the bond in the amount of kEUR 1.569 (PY kEUR 1.653), expenses from a related party in an amount of kEUR 23.577 (PY kEUR 10.063) and expenses related to legal, audit, marketing and other services in an amount of kEUR 363 (PY kEUR 172).

**6.8 Finance Income**

Finance income mainly comprises interest income from financial assets measured at amortized cost. These include treasury bills in the amount of kEUR 100 (PY kEUR 0) and minor bank interest received amounting to kEUR 2 (PY kEUR 0) during the reporting period. No dividend income or fair value gains were recognized.

Finance expenses relate to minor interest paid during the reporting period, amounting to kEUR 16 (PY kEUR 14).

**6.9 Movement in Fair Value of Bonds and Digital Assets**

The fair value movement of the bonds and the digital assets move in inverse correlation to one another. The change in fair value is due both to the change in number of units in issue and the price of the bonds/underlying assets. The underlying creations and redemptions are denominated in cryptocurrency and converted to USD at the spot rate ruling at the date of transaction.

For simplification purposes, the conversion from USD to EUR has been performed using the year-end spot rates provided by XE.com (December 31<sup>st</sup>, 2024: 1 €/ \$ 1.0351 for 2024 and December 31<sup>st</sup>, 2023: 1 €/ \$ 1.0824 for 2023). As a result, a minor portion of the reported realized and unrealized gains and losses includes foreign exchange gains or losses.

	2024	2023
<b>Opening Balance</b>	<b>1.145.657.641</b>	<b>297.516.002</b>
Creations	682.006.908	887.429.833
Redemptions	-1.176.986.285	-566.655.136
Management fees	-25.839.492	-12.020.631
Realised (loss)/gain in fair value of digital asstes	387.425.069	128.402.343
Unrealised (loss)/gain in fair value of digital asstes	710.719.593	410.985.230
<b>Closing Balance</b>	<b>1.722.983.435</b>	<b>1.145.657.641</b>



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**Note 7 - Statement of Cash-Flows**

A portion of the movement in other assets not related to investing or financing activities and in other liabilities not attributable to financing or investing activities, amounting to kEUR 575.976 (PY kEUR: 849.491), relates to non-cash changes in the fair value of digital assets and bonds.

**Note 8 - Related party disclosures**

The company's immediate parent is Bitwise Europe Management Ltd., London, United Kingdom. The ultimate parent and controlling party is Bitwise Europe Ltd., London, United Kingdom.

During the reporting period, a management fee of kEUR 23.577 (PY kEUR 6.401) was recharged from Bitwise Europe Management Ltd. to the company for services rendered. In addition, intercompany receivables existed as of December 31<sup>st</sup>, 2024, amounting to kEUR 3.034 (PY kEUR 683) from Bitwise Europe Ltd. and kEUR 12.181 (PY kEUR 2.847) from Bitwise Europe Management Ltd.

All related party transactions were carried out in the ordinary course of business and on arm's length terms.

**Note 9 - Audit fees**

The total fee charged by the auditor (excluding expenses) for the financial year 2024 amounted to kEUR 193 (PY kEUR 91). Of this amount, kEUR 172 (PY kEUR 72) related to audit services (thereof kEUR 70 thousand for the prior year audit), and kEUR 21 (PY kEUR 19) related to other assurance services.



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**Note 10 - Summary of Material Reclassifications and Adjustments**

<b>No.</b>	<b>Change</b>	<b>Description</b>	<b>Impact on financial statements</b>
1	Correction in the Statement of Changes in Equity	The prior-year Statement of Changes in Equity has been corrected to ensure that the "Net income/(loss) for the year" and "Other comprehensive income (OCI)" figures reconcile with the corresponding amounts in the Statement of Profit or Loss and OCI and the Statement of Financial Position. This correction addresses a presentation inconsistency and has no impact on total equity, profit or loss, or cash flows.	Statement of Changes in Equity.
2	Balance sheet classification	Assets previously presented under Non-financial assets including certain receivables (intercompany, VAT, other debtors), prepayments and the proprietary Ethereum staking product ("ET32") have been reclassified to Current financial assets in the Statement of financial position in accordance with IFRS 9. Non-financial assets now consist of digital assets (accrued management fees in cryptocurrencies and assets under management in cryptocurrencies) accounted for as intangible assets under IAS 38. Treasury Bills have been reclassified from Cash and cash equivalents to Current financial assets.	Change in presentation of Statement of Financial Position. Related effects on the Statement of Cash Flows are described in point 3 below.
3	Statement of cash flows	The presentation of the Statement of cash flows has been revised to reflect the reclassifications made in the balance sheet. In addition, the presentation of the statement of cash flows has been made more detailed, providing greater transparency on individual cash flow components.	Change in Statement of Cash Flows.



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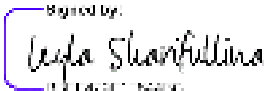
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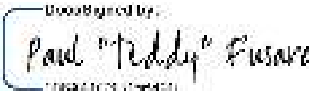
**Note 11 - Subsequent events**

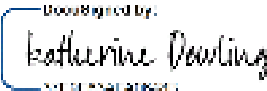
None.

London, August 18<sup>th</sup>, 2025

Bitwise Europe GmbH

Signed by:  
  
Leyla Sharifullina

Digitally signed by:  
  
Paul Fusaro

Digitally signed by:  
  
Katherine Dowling



*[Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.]*

## **INDEPENDENT AUDITOR'S REPORT**

To Bitwise Europe GmbH

### **Audit opinion**

We have audited Bitwise Europe GmbH's standalone financial statements pursuant to IFRS, comprising the balance sheet as of December 31, 2024, the statement of comprehensive income for the fiscal year from January 1, 2024 through December 31, 2024, the cash-flow statement and the statement of changes in equity as well as the notes to the standalone financial statements, including a presentation of the accounting and valuation methods.

According to our assessment based on the knowledge obtained during the audit, the attached standalone financial statements comply, in all material respects, with the requirements pursuant to IFRS as applicable in the EU and provide a true and fair view of the Company's assets and financial position as of December 31, 2024 and of its profit situation for the fiscal year from January 1, 2024 through December 31, 2024.

Pursuant to Art. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the standalone financial statements' legal compliance.

### **Basis for our audit opinion**

We have conducted our audit of the standalone financial statements in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer*; "IDW"). Our responsibilities pursuant to these requirements and principles are further described in the section "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" in our auditors' report. We are independent from the Company in accordance with the requirements pursuant to German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions expressed on the standalone financial statements.



### **Legal representatives' and the Audit, Risk and Compliance Committee's responsibilities for the standalone financial statements**

The legal representatives are responsible for the preparation of the standalone financial statements that comply, in all material respects, with the requirements pursuant to IFRS as applicable in the EU and that the standalone financial statements provide a true and fair view of the Company's net assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have determined as being necessary in order to provide for the preparation of standalone financial statements that are free from material misstatements, whether due to fraud (i.e., manipulation of accounting and property damage) or error.

When preparing the standalone financial statements, the legal representatives are responsible to assess the Company's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the continuation as a going concern. Furthermore, they are responsible for financial reporting based on the going concern principle unless otherwise required due to actual or legal circumstances.

The Audit, Risk and Compliance Committee ("ARC") is responsible for monitoring the Company's accounting process for the preparation of standalone financial statements pursuant to IFRS as applicable in the EU.

### **Auditor's responsibilities for the audit of the standalone financial statements**

Our objective is to obtain reasonable assurance as to whether the standalone financial statements as a whole are free from any material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the standalone financial statements.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and in compliance with German Generally Accepted Standards for the Audit of Financial Statements as promulgated by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.



We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the standalone financial statements, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than the risk of not detecting any material misstatements resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal controls and of arrangements and measures relevant for the audit of the standalone financial statements, in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the internal controls of the Company or of these arrangements and measures;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. 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 standalone financial statements, including the disclosures, and whether the standalone financial statements present the underlying transactions and events in a manner that the standalone financial statements provide a true and fair view of the Company's assets, liabilities, financial position and profit situation in accordance with IFRS Accounting Standards as applicable in the EU.





We discuss with the supervisors, inter alia, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in the internal controls we identify during our audit.

Munich, August 18, 2025

Baker Tilly GmbH & Co. KG  
Wirtschaftsprüfungsgesellschaft  
(Düsseldorf)

signed  
Tibor Abel  
German CPA

signed  
Andrej Brandscheid  
German CPA



# General Engagement Terms

for

## Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]

as of January 1, 2024

### 1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüferinnen/Wirtschaftsprüfer) or German Public Audit Firms (Wirtschaftsprüfungsgesellschaften) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing (Textform) or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to third parties.

### 2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (Grundsätze ordnungsmäßiger Berufsausübung). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (betriebswirtschaftliche Prüfungen), the consideration of foreign law requires an express agreement in writing (Textform).

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

### 3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information submitted as well as the explanations and statements provided in statement as drafted by the German Public Auditor or in a legally accepted written form (gesetzliche Schriftform) or any other form determined by the German Public Auditor.

### 4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

### 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that

presentation is authoritative. Draft of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). Statements and information of the German Public Auditor outside of the engagement are always non-binding.

### 6. Distribution of, a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's consent be issued in writing (Textform), unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

### 7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

### 8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: Handelsgesetzbuch], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: Wirtschaftsprüferordnung], § 203 StGB [German Criminal Code: Strafgesetzbuch]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

### 9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, claims for damages due to negligence arising out of the contractual relationship between the



engaging party and the German Public Auditor, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

(3) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million.

(5) A claim for damages expires if a suit is not filed within six months subsequent to the written statement (Textform) of refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

#### 10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report (Bestätigungsvermerk), he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's consent, issued in a legally accepted written form (gesetzliche Schriftform), and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

#### 11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any material errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing (Textform), ongoing tax advice encompasses the following work during the contract period:

- a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing (Textform).

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (Steuerberatungsvergütungsverordnung) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (Textform).

(6) Work relating to special individual issues for income tax, corporate tax, business tax and valuation assessments for property units as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

#### 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (Textform) accordingly.

#### 13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

#### 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (Verbraucherschlichtungsstelle) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (Verbraucherstreitbeilegungsgesetz).

#### 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.