

**Bitpanda Issuance GmbH, Berlin**  
**Financial Statements and**  
**Management Report**  
**as at 31 December 2022**

Bitpanda Issuance GmbH, Berlin

BALANCE SHEET as at 31 December 2022

ASSETS	31 Dec 2022		31 Dec 2021	EQUITY AND LIABILITIES	31 Dec 2022		31 Dec 2021
	EUR	EUR	EUR		EUR	EUR	EUR
<b>A. Current assets</b>				<b>A. Equity</b>			
I. Receivables and other assets				I. Subscribed capital	25,000.00		25,000.00
1. Receivables from affiliated companies	850,724.09		166,321.59	II. Retained earnings	<u>70,669.63</u>		<u>6,763.87</u>
2. Other assets	<u>1,068,823.7</u>		<u>406,758.23</u>			95,669.63	31,763.87
		1,919,547.8	573,079.82				
II. Bank balances		<u>62,466.81</u>	<u>128,310.54</u>				
Total current assets		1,982,014.6	701,390.36				
<b>B. Prepaid expenses</b>		2,254.44	2,710.65	<b>B. Provisions</b>			
				1. Tax provisions	549.18		
				2. Other provisions	<u>210,841.13</u>	211,390.31	159,547.20
				<b>C. Liabilities</b>			
				1. Bonds	1,648,627.4		406,302.59
				- thereof due within			
				one year: EUR 1,648,627.47 (EUR 406,302.59)			
				2. Trade payables	12,596.00		101,620.50
				- thereof due within			
				one year: EUR 12,596.00 (EUR 101,620.50)			
				3. Other liabilities	15,985.71		4,866.85
				- thereof taxes: EUR 15,985.71 (prior year: EUR 4,866.85)			
				- thereof due within			
				one year: EUR 15,985.71 (EUR 4,866.85)			
						1,677,209.1	512,789.94
						<u>1,984,269.1</u>	<u>704,101.01</u>
		<u>1,984,269.1</u>	<u>704,101.01</u>				
						0.00	0.00

**Bitpanda Issuance GmbH, Berlin**

**Statement of Profit or Loss**

for the Period from 1 January 2022 to 31 December 2022

	1 Jan to 31 Dec 2022	5 Mar to 31 Dec 2021
	EUR	EUR
1. Revenue	19,469.41	6,763.87
2. Other operating income	2,135,334.34	338,850.02
3. Expenses from issuance activities	-304,180.74	-117,857.17
4. Other operating expenses	-1,786,112.90	-220,992.85
5. Interest and similar expenses	-55.17	0.00
6. Taxes on income	-549.18	0.00
<b>7. Earnings after tax / Net profit after tax</b>	<b>63,905.76</b>	<b>6,763.87</b>
8. Profit brought forward from prior year	6,763.87	0.00
<b>9. Retained earnings</b>	<b>70,669.63</b>	<b>6,763.87</b>

Bitpanda Issuance GmbH, Berlin

## Cash Flow Statement

for the Period from 1 January 2022 to 31 December 2022

	1 Jan to 31 Dec 2022	5 Mar to 31 Dec 2021
	EUR	EUR
<b>Profit or loss for the year</b>	63.905,76	6.763,87
+/- Increase/decrease of provisions	51.843,11	159.547,20
-/+ Increase/decrease in inventories, trade receivables and other assets not allocable to investment or financing activities	-1.346.011,84	-575.790,47
+/- Increase/decrease in trade payables and other liabilities not allocable to investment or financing activities		
	<u>1.164.419,24</u>	<u>512.789,94</u>
<b>= Cash flow from operating activities</b>	-65.843,73	103.310,54
Capital contributions by the shareholders	<u>0,00</u>	<u>12.500,00</u>
<b>= Cash flow from financing activities</b>	0,00	12.500,00
<b>Changes in cash and cash equivalents</b>	-65.843,73	115.810,54
+/- Changes in cash and cash equivalents due to exchange rates and remeasurement	<u>0,00</u>	<u>0,00</u>
+ Cash and cash equivalents at the beginning of the period	<u>128.310,54</u>	<u>12.500,00</u>
<b>= Cash and cash equivalents at the end of the period</b>	<u><u>62.466,81</u></u>	<u><u>128.310,54</u></u>

**Bitpanda Issuance GmbH, Berlin**

**Statement of Changes in Equity**  
**for the Period from 1 January 2022 to 31 December 2022**

	Subscribed capital	Retained earnings	Total equity
	EUR	EUR	EUR
5 March 2021	25,000.00	0.00	25,000.00
Retained earnings 2021	0.00	6,763.87	6,763.87
31 December 2021	25,000.00	6,763.87	31,763.87

	Subscribed capital	Retained earnings	Total equity
	EUR	EUR	EUR
1 January 2022	25,000.00	6,763.87	31,763.87
Retained earnings 2022	0.00	63,905.76	63,905.76
31 December 2022	25,000.00	70,669.63	95,669.63

**Bitpanda Issuance GmbH, Berlin****Notes to the Balance Sheet and Statement of Profit or Loss for the Period from 1 January to 31 December 2022****I. General Information**

Bitpanda Issuance GmbH has its registered offices in Berlin and is carried in the commercial register of the local court of Berlin (Charlottenburg) under the number HRB 226876. The financial year corresponds to the calendar year.

The registered activity of the Company is primarily the issue of fungible securities. The Company does not perform any financial services in the sense of Sec. 1a KWG [“Kreditwesengesetz”: German Banking Act] and conducts no other business requiring licenses.

The Company satisfies the size criteria of a large company as defined by Sec. 267 (3) HGB [“Handelsgesetzbuch”: German Commercial Code] Due to its classification as a publicly-traded share capital company in accordance with Sec. 264d HGB, the financial statements have been extended to include a cash flow statement and a statement of changes in equity (Sec. 264 (1) sentence 2 HGB). The financial statements as at 31 December 2022 were prepared in accordance with the requirements of HGB and the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Act on Limited Liability Companies] as well as German legally required accounting principles [GoB].

The Company has not established an audit committee pursuant to Sec. 324 (1) sentence 1 HGB as it applies the exemption afforded by Sec. 324 (1) sentence 2 No. 1 HGB. The sole purpose of the Company is to issue securities in the sense of Sec. 2 (1) WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act] that are backed by assets.

**II. Accounting Policies**

Measurement policies are based on the assumption that the Company is a going concern in accordance with Sec. 252 (1) No. 2 HGB as there are no actual or legal circumstances indicating otherwise, despite the redemption of the notes in the year 2023.

All assets, deferred items and liabilities as well as income and expenses are reflected in the annual financial statements unless the law requires a different accounting treatment. Items on the assets side may not be offset against liabilities and expenses may not be offset against income unless expressly permitted.

Current assets, equity, liabilities and prepaid expenses are presented separately in the balance sheet and broken down in a suitable manner.

The assets reported in the balance sheet are each measured separately (Sec. 252 (1) No. 3 HGB).

## **Assets**

### **Current assets**

Receivables and other assets are stated at their historical cost.

They are measured using the strict lower of cost or market (net realizable value) principle. Any necessary valuation allowances were recognized.

Portfolios of cryptocurrencies are measured using the FiFo method (Sec. 256 sentence 1 HGB).

Bank balances are recognized at face value.

### **Prepaid expenses**

Prepaid expenses relate to expenditures made before the balance sheet date for expenses matched to following accounting periods. They are measured at face value. This item is released on a straight-line basis over time.

## **Equity and liabilities**

### **Equity**

Subscribed capital is stated at nominal value.

### **Provisions**

Other provisions take into account all foreseeable risks and contingent liabilities and are valued at the settlement amount on the basis of prudent business judgment in accordance with Sec. 253 (1) HGB.

### **Liabilities**

Liabilities are stated at their settlement amount in accordance with Sec. 253 (1) HGB.

Liabilities denominated in foreign currency are translated into euro using the mean spot rate on the reporting date as published by the ECB.

### **III. Notes to the Balance Sheet**

#### **Fixed assets**

The Company does not carry any fixed assets as at the balance sheet date.

#### **Current assets**

##### **Receivables from affiliated companies**

Receivables from affiliated companies of EUR 850,724.09 (prior year: EUR 166,321.59) include receivables from the shareholder, Bitpanda GmbH, Vienna, Austria, and are determined primarily by cost reimbursements.

##### **Other assets**

This item mainly consists of stocks of cryptocurrencies amounting to EUR 1,068,734.78 (prior year: EUR 406,300.14) that are used to back the notes issued by the Company. The stocks of cryptocurrencies are stored in a crypto-wallet kept by the parent company, Bitpanda GmbH, Vienna, Austria. Cryptocurrencies are assets with an unlimited useful life and are therefore not amortized.

The residual term of all receivables and other assets is less than one year.

##### **Prepaid expenses**

Prepaid expenses consist of costs for the use of databases and services that are matched to the following accounting period.

#### **Equity**

Share capital amounts to EUR 25,000.00 and is fully paid in.

Equity amounts to EUR 95,669.63 (prior year: EUR 31,763.87) and consists of the fully-paid-in share capital of EUR 25,000.00 (prior year: EUR 25,000.00). As at 31 December 2022, retained earnings came to EUR 70,669.63 (prior year: EUR 6,763.87).



## **Provisions**

Tax provisions of EUR 549.18 consist of corporate income tax and solidarity surcharge of EUR 291.18 (prior year: EUR 0.00) and trade tax of EUR 258.00 (prior year: EUR 0.00) for the financial year 2022.

## **Provisions**

Provisions of EUR 211,390.31 (prior year: EUR 159,547.20) have been recognized. Of this, tax provisions account for EUR 549.18 (prior year: EUR 0.00) and other provisions for EUR 210,841.13 (prior year: EUR 159,547.20). Other provisions mostly consist of expenses for compiling and auditing the annual financial statements of EUR 84,282.75 (prior year: EUR 123,617.20), legal expenses and consulting fees of EUR 52,243.00 (prior year: EUR 0.00) and expenses related to issuance activities of EUR 42,500.00 (prior year: EUR 0.00). The residual term of the provisions listed above is less than one year. Consequently, they are not discounted to present value.

## **Liabilities**

### **Bonds**

The line item “Bonds” presents the bearer notes of EUR 1,648,627.47 (prior year: EUR 406,302.59) issued by the Company. These notes are securitized in the form of a global certificate and issued without coupons and without any fixed maturity date. Each note securitizes the right of the holder of the note to delivery of cryptocurrencies or payment of a cash amount by the Company.

In the first half of 2022 four additional Bitpanda crypto-ETNs were issued under the terms of the base prospectus from 18 October 2021 and approved for trading on the regulated market by resolution of the Frankfurt stock exchange on 20 April 2022 (and listed on 21 April 2022) each for a total number of 9,000,000,000 notes. From October 2022, the first notes were redeemed; reference is made to the related comments in the management report.

As collateral for the payment and settlement of the obligations towards the holders of the notes, the issuer has pledged the cryptocurrencies it keeps in the crypto-wallet to the investors.

### **Trade payables**

Liabilities for purchased services amount to EUR 12,596.00 (prior year: EUR 101,620.50).

**Residual terms and collateral**

	Due in			secured by land charges or similar rights	
	up to one year	more than one year	thereof more than five years		
	EUR	EUR	EUR	EUR	Type of collateral:
Bonds	1,648,627.47	0.00	0.00	1,648,627.47	Liens
- thereof convertible	0.00	0.00	0.00	0.00	
Trade payables	12,596.00	0.00	0.00	0.00	
Other liabilities	15,985.71	0.00	0.00	0.00	
	1,677,209.18	0.00	0.00	1,648,627.47	

**IV. Notes to the Statement of Profit or Loss**

The statement of profit or loss has been prepared in accordance with the nature of expense method pursuant to Sec. 275 (2) HGB.

To aid clarity, the line item “Expenses from issuance activities” takes the place of the customary “Cost of materials” line item in the statement of profit or loss due to the particular nature of the Company’s business.

**Revenue**

Revenue of EUR 19,469.41 (prior year: EUR 6,763.87) mainly consists of administrative fees of EUR 15,479.54 (prior year: EUR 339.09) and redemption fees of EUR 3,850.88 (prior year: EUR 839.73).

### **Other operating income**

Other operating income includes both the costs reimbursed by the shareholder of EUR 1,334,223.28 (prior year: EUR 338,850.02) as well as income of EUR 801,111.06 from the reduction of liabilities (prior year: EUR 0.00).

### **Expenses from issuance activities**

This line item includes all the costs incurred in connection with the issue of the notes. These amount to EUR 304,180.74 (prior year EUR 117,857.17)

### **Other operating expenses**

Other operating expenses of EUR 1,786,112.90 (prior year: EUR 220,992.85) mainly consist of losses on sale from the disposal of cryptocurrencies of EUR 801,604.30, impairment losses of EUR 579,900.76 recorded on cryptocurrencies as at 31 December 2022 to write them down to net realizable value and legal expenses and consulting fees of EUR 143,753.24 (prior year: EUR 55,389.20).

### **Taxes on income**

Taxes on income consist of corporate income tax and the solidarity surcharge of EUR 291.18 (prior year: EUR 0.00) and trade tax of EUR 258.00 (prior year: EUR 0.00) for the financial year 2022.

### **Proposal and resolution on the appropriation of profits**

The management proposes to carry forward the retained earnings as at 31 December 2022 of EUR 70,669.63 (prior year: EUR 6,763.87) in full to new account.

## **V. Notes to the Statement of Cash Flows**

As a publicly-traded share capital company, as defined by Sec. 264 (1) sentence 2 HGB, Bitpanda Issuance GmbH must compile a cash flow statement. The cash flow statement presents the composition of and changes in cash and cash equivalents in the financial year 2022.

The cash flow from operating activities mainly consists of the cash inflows and cash outflows related to the issuance activities of the Company of EUR -65,843.73 (prior year: EUR 103,310.54). There were no cash flows from financing activities or investing activities in the reporting period.

Cash and cash equivalents consist entirely of bank balances of EUR 62,466.81 (prior year: EUR 128,310.54).

## **VI. Other Notes**

### **Headcount**

The Company did not have any employees as defined by Sec. 285 sentence 1 No. 7 HGB in the financial year.

### **Management**

The Company's management consists of:

Maximilian Mayer, Legal Counsel – employee of Bitpanda GmbH (since 17 June 2022)

Wolf-Alexis Puttfarken, Director Exchange Traded Product Sales – employee of Bitpanda GmbH (since 6 July 2022)

Niels Christian Drukarczyk, Vice President Corporate Performance Management – employee of Bitpanda GmbH (until 17 June 2022)

The management of the Company is employed at Bitpanda GmbH, which bears all the costs of their remuneration.

### **Group affiliations**

Bitpanda Issuance GmbH is a member of the group of companies led by Bitpanda GmbH, Vienna, Austria, and Bitpanda Group AG, Zürich, Switzerland, which is the ultimate parent company of the Group. Bitpanda Group AG prepares consolidated financial statements for the largest and the smallest group of consolidated companies. The consolidated financial statements are not published but can be obtained from Bitpanda Group AG. However, the Company is not included in these consolidated financial statements on grounds of immateriality.

### **Auditor's fees**

The total fees estimated by the independent auditor of the financial statements for financial year 2022 that related solely to audit services come to EUR 50,462.81, of which EUR 5,272.56 is for the prior year. Provisions of a corresponding amount have been established.

### **Subsequent events**

The following significant events occurred after the close of financial year 2022: the Company terminated all the notes it had issued on 22 December 2022. The outstanding notes were fully redeemed by 14 February 2023.

There were no other subsequent events of special significance that could have a material influence on the assets, liabilities, financial position and financial performance of the Company.

### **Proposal and resolution on the appropriation of profits**

The management proposes to carry forward the retained earnings as at 31 December 2022 of EUR 70,669.63 in full to new account.

Berlin, 28 April 2023

Management

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Maximilian Mayer

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Wolf-Alexis Puttfarken

## **Bitpanda Issuance GmbH, Berlin**

### **Management Report for the Period from 1 January 2022 to 31 December 2022**

#### **1. General background of the Company**

##### **1.1. Business model**

Bitpanda Issuance GmbH (hereinafter referred to as the “Company”) was founded on 5 March 2021 with its registered offices in Berlin for the purpose of issuing fungible securities. The Company performs no financial services in the sense of Sec. 1a KWG [“Kreditwesengesetz”: German Banking Act] and conducts no other business requiring licenses.

The first series of notes issued in December 2021 were Bitpanda Bitcoin ETC with the ISIN DE000A3GVJ41, which have been listed on the Frankfurt Stock Exchange since December 2021, on the Vienna Stock Exchange since 17 March 2022 and on the EURONEXT network since 4 April 2022.

In addition, four additional series of notes were issued on the regulated market of the Frankfurt stock exchange (DE000A3GX9P6 Bitpanda Ether ETC, DE000A3GX9Q4 Bitpanda Polkadot ETC, DE000A3GX9R2 Bitpanda Solana ETC and DE000A3GX9N1 Bitpanda Cardano ETC) on 22 April 2022.

With this business model, Bitpanda Issuance GmbH provides customers with the ability to invest in cryptocurrencies on regulated trading venues via their regular brokers or banks without needing to open a new account or digital wallet.

Pursuant to Art. 4 (2) (a) of the terms of issue, the Company terminated all notes on 22 December 2022. Thereafter the Company initiated the redemption process for these notes in accordance with the terms of issue. The sale of the crypto-assets was concluded on 9 February 2023 and the notes redeemed by 14 February 2023.

The base prospectus approved by the Federal Financial Supervisory Agency (“BaFin”) expires at the end of day on 10 November 2023.

##### **1.2. Control systems**

Bitpanda Issuance GmbH is integrated in the management system of the Bitpanda Group. The most significant financial performance indicators of the Company are revenue of EUR 20k (prior year: EUR 7k), EBITDA of EUR 65k (prior year: EUR 7k), equity of EUR 96k (prior year: EUR 32k) and total assets of EUR 1,984k (prior year: EUR 704k). The Company does not use any non-financial performance indicators for management purposes. The improvement in the financial performance indicators did not materialize as forecast in the prior year..

## 2. Economic position

### 2.1. Business report

The financial year 2022 was dominated by geopolitical and economic uncertainties, primarily caused by the war in Ukraine, rising inflation and rising interest rates.

The downwards trend in cryptocurrencies, their market prices in particular, was accelerated by a series of defaults by major providers.

The values of cryptocurrencies dropped particularly strongly in the first half of the year: the two most dominant cryptocurrencies, Bitcoin and Ethereum dropped from EUR 40,724 to EUR 15,480 in the period from 1 January to 31 December 2022 and from EUR 3,240 to almost EUR 1,115 respectively.

Demand for investments in cryptocurrencies fell accordingly. Crypto ETNs were generally able to retain the assets they had already accrued, but did not record any notable additional inflows.

Nevertheless, in spite of the adverse market environment, five additional competitors appeared on the European market with generally comparable products.

The first signs of market consolidation, which is to be expected given these conditions, can already be seen.

## 3. Economic situation

### 3.1. Financial performance

The net profit for the year ended 31 December 2022 comes to EUR 64k (prior year: EUR 7k). Bitpanda Issuance GmbH generated revenue of EUR 19k (prior year: EUR 7k) in financial year 2022, consisting primarily of management fees and redemptions. Furthermore, other operating income came to EUR 2,135k, consisting of costs reimbursed by the shareholder of EUR 1,334k (prior year: EUR 339k) and income of EUR 801k from the reduction of liabilities (prior year: EUR 0k).

Expenses were incurred from issuance activities of EUR 304k (prior year: EUR 118k) and other operating expenses of EUR 1,786k (prior year: EUR 221k), which consist mostly of the losses on the sale of cryptocurrencies of EUR 802k and impairment losses of EUR 580k to write cryptocurrencies down to their net realizable value.

### Cash flow

Cash and cash equivalents saw a net cash outflow of EUR 66k in the financial year (prior year: net cash inflow of EUR 116k). Liquidity is secured due to the existing bank deposits and integration in the Bitpanda Group. The year-end balance of cash and cash equivalents comes to EUR 62k (prior year: EUR 128k).

### **3.2. Assets, liabilities and financial position**

Total assets increased to EUR 1,984k (prior year: EUR 704k) in the financial year due to the Company's issuance activities, even though the first notes had been returned. Total assets are dominated by other assets in the form of cryptocurrencies (Bitcoin, Ether, Polkadot, Solana, Cardano) of EUR 1,069k (prior year: EUR 407k) and receivables from the shareholder of EUR 851k (prior year: EUR 166k).

The Company was in a position to meet all of its payment obligations at all times during the reporting period.

## **4. Risks and opportunities and outlook**

### **4.1. Risk report**

To counter these risks, effort is being taken to identify risks at an early stage in order to initiate appropriate countermeasures and keep any deviation from the budget targets as low as possible.

The overall risk framework is steered company-wide by the shareholder, Bitpanda GmbH, which applies auto-hedging and policies to counter market price risks and foreign currency exposures. Moreover, day-to-day monitoring of liquidity and the reporting function also enable the financial situation to be tracked on an ongoing basis in addition. Furthermore, the effectiveness of the current hedging policy is constantly reviewed and adjusted as needed.

The Company is integrated in the risk framework of the Bitpanda Group and relies on an internal system of controls to cover diverse internal and external threats. The permanent evolution of this framework as well as the maintenance and implementation of the corresponding corporate governance structures form a key pillar of the enterprise risk management of the Bitpanda Group.

The Bitpanda Group places great store on conservative management of business risks to protect the value of the business model and position it on the market accordingly.

### **4.2. Opportunities and outlook**

With the issue of the first series of physically-backed notes in December 2021, the Company completed the market launch of its ETC product segment.

The consolidation on the crypto-market that had already begun at this time and the increasing competition for cryptocurrency-based notes continued to worsen over the course of the current financial year.

In light of this circumstance, the management reassessed the business model at the beginning of the second half of the year. It came to the conclusion that the negative aspects outweighed the medium to long-term potential.

The most important factors in this regard are:



1. the existing operational structure that had already been put in place on the date of the reassessment was not viable, either from a commercial perspective nor from a risk perspective
2. the customer investments that were needed to establish and retain an independent and competitive issuer could not be collected in the current business environment within an adequate time frame

Such customer investments in establishing an independent issuer would only be justifiable against the backdrop of solid, long-term growth prospects, which cannot be reasonably expected in the current environment.

For this reason, management decided to cancel the outstanding notes, as described above. The ability to continue as a going concern in the sense of Sec. 252 (1) No. 2 HGB [“Handelsgesetzbuch”: German Commercial Code] is not restricted in the opinion of management and there are no plans to dissolve the Company at present.

With regard to the most significant financial performance indicators of the Company, we forecast a significant decrease in revenue in financial year 2023 (2022: EUR 20k), EBITDA (2022: EUR 65k), and total assets (2022: EUR 1,984k) and no change in equity (2022: EUR 96k).

## **Other disclosures**

### **Subsequent events**

The issuer publicly announced the cancellation and redemption of all outstanding notes in a notification of termination issued on 22 December 2022. Creditors were given the right to swap their notes for physical cryptocurrency with Bitpanda Issuance GmbH before 13 January 2023. Any remaining crypto-assets were sold by 9 February 2023. The notes that were still outstanding on this date were then irrevocably redeemed by the paying agent via the clearing system by 14 February 2023.

### **Concluding summary**

As described in the section on subsequent events, a decision was made during financial year 2022 to terminate and redeem all outstanding notes. This decision was made against the backdrop of geopolitical and economic uncertainties.

Berlin, 28 April 2023

The management

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Maximilian Mayer

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Wolf-Alexis Puttfarken

**Bitpanda Issuance GmbH, Berlin**

## Responsibility statement for the balance sheet and management report

31 December 2022

### **Responsibility statement**

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company and that the management report provides a true and fair view of the position of the Company and also describes the significant opportunities and risks relating to the anticipated development of the Company.

Berlin, 28 April 2023

The management

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Maximilian Mayer

.....  
Wolf-Alexis Puttfarken