

# **Interim report and audited financial statements**

iShares Digital Assets AG

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# iSHARES DIGITAL ASSETS AG

## GENERAL INFORMATION

### Board of Directors <sup>1</sup>

Boudewijn Korten (Dutch)

Robert Majewski (Swiss) <sup>2</sup>

Dylan McGrath (Swiss)

<sup>1</sup> Non-executive Director

<sup>2</sup> Employee of the BlackRock Group

### Entity's registered office

Militärstrasse 36

8004 Zurich

Switzerland

### Arranger

BlackRock International Limited

Dundas House

20 Brandon Street

Edinburgh, EH3 5PP

United Kingdom

### Independent Auditor

PricewaterhouseCoopers AG

Birchstrasse 160

Postfach, 8050 Zürich

Switzerland

### Administrator and Transfer Agent

The Bank of New York Mellon (International) Limited

Queen Victoria Street

London, EC4V 4LA

United Kingdom

### Legal Advisers

*In England*

Clifford Chance LLP

10 Upper Bank Street

London, E14 5JJ

United Kingdom

### Registrar and Paying Agent

The Bank of New York Mellon, London Branch

Queen Victoria Street

London, EC4V 4LA

United Kingdom

*In Germany*

Clifford Chance PartmbB

Junghofstraße 14

60311 Frankfurt am Main

Germany

### Trustee

Apex Corporate Trustees (UK) Ltd

6th Floor, 125 London Wall

London, EC2Y 5AS

United Kingdom

*In Switzerland*

Advestra AG

Uraniastrasse 9

8001 Zürich

Switzerland

### Custodian

Coinbase Custody International Limited

70 Sir John Rogerson's Quay

Dublin 2, D02 R296

Ireland

### Prime Execution Agent

Coinbase, Inc

48 3rd St, #434

Oakland, CA 9460

United States of America

# iSHARES DIGITAL ASSETS AG

## BACKGROUND

iShares Digital Assets AG (the "Issuer"), was incorporated in Switzerland on 5 August 2024 and is a stock corporation (Aktiengesellschaft) organised and existing under the laws of Switzerland having its registered office at Militärstrasse 36, 8004 Zurich, Switzerland and registered with the Commercial Register of the Canton of Zürich, Switzerland under the company register number CHE-267.176.567.

The Issuer was established as a special purpose vehicle to act as a Swiss Issuer to launch a Secured Crypto Asset Linked Securities Programme. Under the programme, the Issuer intends to issue multiple series of secured, limited-recourse debt securities ("Securities") backed by a crypto asset underlying each series. It is expected that this programme will include several exchange-traded products ("ETPs"), each offering exposure to a specific crypto asset, each a series. Each ETP's legal framework will consist of a series of Securities issued by the Issuer.

BlackRock International Limited (the "Arranger") has been appointed by the Directors as the arranger for the Issuer. The Arranger has the authority and obligation to buy or arrange the purchase or, sell or arrange the sale of, as well as determine and give necessary instructions regarding the delivery of crypto assets on behalf of the Issuer.

The sole shareholder of the Issuer is Apex TSI Limited (the "Share Trustee"), a limited company incorporated in Ireland.

The term "BlackRock" and "Arranger" are used to represent BlackRock International Limited as appropriate. The term "Directors" means the directors of the Issuer. Further details, including the investment objectives, are set out in the Issuer's base prospectus.

### Issuer details

As at 30 June 2025, the Issuer has issued one series of Securities ("iShares Bitcoin ETP Series") backed by an ETP consisting of bitcoin. Securities of the iShares Bitcoin ETP Series described in the base prospectus are linked to the performance of bitcoin as the crypto asset and underlying of the Securities.

### Changes to the Issuer during the financial period

On 5 August 2024, the Issuer was incorporated and Damjan Cosic, Dylan McGrath and Birgit Ludwig were appointed as Directors.

On 13 January 2025, Birgit Ludwig resigned as Director and Robert Majewski was appointed as a Director.

On 18 March 2025, the Issuer commenced trading with the launch of iShares Bitcoin ETP Series.

On 20 May 2025, Damjan Cosic resigned as Director.

On 21 May 2025, Daniel Ledergerber was appointed as a Director.

### Stock exchange listings

iShares Bitcoin ETP Series has a primary listing on the regulated market of the Frankfurt Stock Exchange, Euronext Paris and Euronext Amsterdam.

# iSHARES DIGITAL ASSETS AG

## MANAGEMENT REPORT AND ARRANGER'S REPORT

### Arranger's review

Interim report covering the financial period from 5 August 2024 to 30 June 2025.

### Global economic overview

Global equities, as represented by the MSCI All Country World Index, returned 10.05% (in USD terms) during the six months ended 30 June 2025. Equities made gains amid falling inflation (the rate of increase in the prices of goods and services) and looser monetary policy from the world's largest central banks. However, investor sentiment was increasingly clouded by geopolitical tensions, including conflict in Europe and the Middle East, and the introduction in early 2025 of protectionist trade policies in the US that raised the prospect of disruption to the global economy.

Although economic growth in the US had been strong in 2024, figures for the first quarter of 2025 indicated a downturn caused by a surge in imports ahead of the expected introduction of tariffs. In Japan, gross domestic product ("GDP") contracted slightly at the start of 2025. The UK economy, meanwhile, expanded by 0.7% in the first quarter of 2025. Eurozone GDP had been unchanged in the last quarter of 2024 but accelerated in early 2025.

Most emerging markets continued to grow, although geopolitical conflict and high interest rates presented economic challenges. The Chinese GDP grew more quickly than expected at the start of 2025. This followed the introduction of government stimulus measures in the last quarter of 2024. Meanwhile, India's GDP rose strongly in the last quarter of 2024 and the first quarter of 2025.

Having reduced interest rates on three occasions in 2024, the US Federal Reserve ("the Fed") paused its rate cutting programme in the first half of 2025 due to concerns about inflation and uncertainty around the potential impact of US tariffs. However, both the Bank of England ("BoE") and the European Central Bank ("ECB") continued to reduce interest rates. Conversely, the Bank of Japan ("BoJ") increased borrowing costs further at the start of 2025 in response to rising domestic inflation.

The performance of global equity markets was positive overall but somewhat volatile over the period. There were sharp declines in US markets in particular in early 2025 due to worries that tariffs introduced by the new administration could lead to higher inflation and lower growth. However, the Trump administration's decision to pause the highest tariffs and enter into trade negotiations helped to calm investor nerves. Attacks by the US and Israel on Iran's nuclear infrastructure led to some market turbulence in June 2025.

Share prices in China continued to rise in the wake of new stimulus measures, although gains on the Japanese market were limited by fears that exporters could be hit by US tariffs. Performance among European stocks was relatively strong as markets benefited from a rotation out of US shares in early 2025. Investors also welcomed the news that European governments planned to significantly increase infrastructure and defence spending.

Globally, bonds and equities that factor in companies' environmental, social and governance ("ESG") characteristics faced regulatory concerns and shifting investor sentiment. ESG funds experienced positive inflows over 2024, but the first quarter of 2025 saw record outflows. In both the US and Europe, regulators proposed new rules to ensure investment companies were able to substantiate claims related to sustainability.

US government bond yields (which move inversely to bond prices) rose at the start of 2025 as a result of the potentially inflationary impact of the Trump administration's economic policies.

Yields on UK gilts also rose in early 2025 due to concerns about higher levels of government borrowing. Meanwhile, European government bond yields rose sharply in spring 2025 after the German government announced plans to increase borrowing to fund defence and infrastructure spending. Japanese government bond yields rose over the six months on expectations of further BoJ interest rate increases. Global corporate bond performance was broadly positive; continued resilience in the global economy alleviated credit concerns, particularly for high yield bonds.

In commodities markets, Brent crude oil prices initially declined due to global production increases and fears that tariffs in the US could lead to a slowdown in global growth. However, attacks on Iran by the US and Israel in June 2025 caused prices to spike briefly. Gold prices rose to record highs as a result of geopolitical concerns and signs that American trade policy could lead to prolonged turbulence in equity and bond markets. Copper prices were particularly volatile, with a sharp rise in early 2025 as traders attempted to stockpile the metal ahead of the expected introduction of tariffs.

In foreign exchange markets, the US dollar's performance relative to other major global currencies was negative. It fell against sterling, the euro, the Japanese yen and the Chinese yuan.

### Performance review

Over the financial period to 30 June 2025, iShares Bitcoin ETP Series' return was 31.19%.

### Results

The results for the financial period of the Issuer are set out in the statement of comprehensive income.

### Financial position

The financial position as at 30 June 2025 of the Issuer are set out in the statement of financial position.

### Risk report

The risks facing the Issuer relate to the financial instruments held by it and are set out in the financial risks section of the financial statements.

### Subsequent events after the financial period end

The significant events which have occurred since the statement of financial position date are set out in the notes to the financial statements.

# iSHARES DIGITAL ASSETS AG

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

### Responsibility Statement, in accordance with the Transparency Directive

Each of the Directors, whose names and functions are listed on page 2 of this report confirm that, to the best of their knowledge and belief:

- the audited financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, liabilities and financial position of the Issuer at 30 June 2025 and its statement of comprehensive income for the period then ended;
- the Arranger's Report contained in the interim report includes a fair review of the development and performance of the business and the position of the Issuer. A description of the principal risks and uncertainties that the Issuer faces is provided in the Arranger's Report and note 3 of the audited financial statements.

On behalf of the Board of Directors

Dylan McGrath

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Director

2 October 2025

Robert Majewski

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Director

2 October 2025



# Report of the independent auditor to the Board of Directors of iShares Digital Assets AG

## Opinion

We have audited the financial statements of iShares Digital Assets AG (the Company), which comprise the statement of comprehensive income for the period from 5 August 2024 to 30 June 2025, and the statement of financial position as at 30 June 2025, and the statement of changes in equity and the statement of cash flows for the period from 5 August 2024 to 30 June 2025, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2025 and of its financial performance and its cash flows for the period from 5 August 2024 to 30 June 2025 in accordance with IFRS Accounting Standards.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of financial statements, that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers AG

Adrian Keller

Nicolas Memmishofer

Zürich, 02 October 2025



# iSHARES DIGITAL ASSETS AG

## STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 5 August 2024 (date of incorporation) to 30 June 2025

	Note	2025 USD '000
<b>Operating income/(loss)</b>		-
Change in fair value of issued securities	6	(47,753)
Operating expenses	7	(93)
<b>Operating profit/(loss)</b>		(47,846)
<b>Finance costs</b>		
Net gains/(losses) on foreign exchange		9
<b>Total finance costs</b>		9
<b>Profit/(loss) for the period</b>		(47,837)
Change in fair value of digital assets	5	47,846
<b>Total comprehensive income/(expense) for the period</b>		9

The accompanying notes form an integral part of these financial statements.

# iSHARES DIGITAL ASSETS AG

## STATEMENT OF FINANCIAL POSITION As at 30 June 2025

	Note	30 June 2025 USD '000	5 August 2024 USD '000
<b>CURRENT ASSETS</b>			
Digital assets	5	343,755	-
Cash and cash equivalents		126	-
<b>Total assets</b>		<b>343,881</b>	<b>-</b>
<b>EQUITY</b>			
Share capital	8	117	-
Retained earnings		9	-
<b>Total equity</b>		<b>126</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
Securities	6	343,714	-
Other payables		41	-
<b>Total liabilities</b>		<b>343,755</b>	<b>-</b>
<b>Total equity and liabilities</b>		<b>343,881</b>	<b>-</b>

The accompanying notes form an integral part of these financial statements.

# ISHARES DIGITAL ASSETS AG

## STATEMENT OF CHANGES IN EQUITY

For the financial period from 5 August 2024 (date of incorporation) to 30 June 2025

	Note	2025 USD '000
<b>Share capital</b>		
Balance at beginning of the financial period		-
Share capital issued	8	117
<b>Balance at end of the financial period</b>		<b>117</b>
<b>Retained earnings</b>		
Balance at beginning of the financial period		-
Total comprehensive income/(expense) for the period		9
<b>Balance at end of the financial period</b>		<b>9</b>
<b>Total shareholder's equity at the end of the financial period</b>		<b>126</b>

The accompanying notes form an integral part of these financial statements.

# ISHARES DIGITAL ASSETS AG

## STATEMENT OF CASH FLOWS

For the financial period from 5 August 2024 (date of incorporation) to 30 June 2025

	2025 USD '000
<b>Cash flows from operating activities</b>	
Profit/(loss) for the period	(47,837)
<b>Adjustments for:</b>	
<i>(Increase)/decrease in operating assets:</i>	
Purchase of digital assets	(314,348)
Disposal of digital assets	18,439
<i>Increase/(decrease) in operating liabilities:</i>	
Increase/(decrease) in other payables	41
Proceeds from subscriptions of Securities	314,348
Repayment of redemptions of Securities	(18,387)
<i>Other adjustments:</i>	
- Change in fair value of issued securities	47,753
- Net (gains)/losses on foreign exchange	(9)
<b>Net cash (used in)/provided by operating activities</b>	-
<b>Cash flows (used in)/provided by financing activities</b>	
Proceeds from the issue of shares	117
<b>Net cash (used in)/provided by financing activities</b>	117
<b>Net increase/(decrease) in cash and cash equivalents</b>	117
Cash and cash equivalents at beginning of the financial period	-
Effect of exchange rate changes on cash and cash equivalents	9
<b>Cash and cash equivalents at end of the financial period</b>	126

The accompanying notes form an integral part of these financial statements.

# ISHARES DIGITAL ASSETS AG

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

The Issuer is a stock corporation (Aktiengesellschaft) organised and existing under the laws of Switzerland having its registered office at Militärstrasse 36, 8004 Zurich, Switzerland and registered with the Commercial Register of the Canton of Zürich, Switzerland under the company register number CHE-267.176.567.

### 2. Material accounting policies

#### 2.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (collectively "IFRS Accounting Standards").

The financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

As this is the first accounting period, the material accounting policies and notes are set out below, all of which are applied for the financial period from 5 August 2024 (date of incorporation) to 30 June 2025. As this is the first accounting period, no comparatives are presented.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### 2.2 Assets and liabilities

##### 2.2.1 Classification

A asset or liability is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of assets and liabilities are based on the business model in which a asset or liability is managed and on its contractual cash flow characteristics.

Digital assets are classified as intangible assets in accordance with IAS 38 "Intangible Assets" ("IAS 38"), as they represent identifiable non-monetary assets without physical substance controlled by the Issuer.

The Securities issued by the Issuer are classified as liabilities at fair value through profit or loss and are designated as such upon initial recognition. The Securities are managed, and their performance is evaluated on a fair value basis, in accordance with the securities agreement, and information is provided on that basis to the Directors.

All other assets and liabilities including cash, receivables and payables are classified as being measured at amortised cost using the effective interest method.

##### 2.2.2 Recognition and derecognition

The Issuer recognises a asset or a liability when it becomes a party to the contractual provisions of the instrument.

Assets are derecognised when the rights to receive cash flows from the asset have expired or the risks and rewards of ownership have all been substantially transferred. Liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

An intangible asset is recognised when it is probable that future economic benefits attributable to the asset will flow to the Issuer and the cost of the asset can be measured reliably. Digital assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on derecognition are recognised in profit or loss.

##### 2.2.3 Measurement

All assets and liabilities are initially recognised at fair value, except for digital assets, which are initially measured at cost, which includes the purchase price and any directly attributable transaction costs.

Subsequent to initial recognition, digital assets are measured at cost less any accumulated amortization and impairment losses, or at fair value if the Issuer elects the revaluation model permitted under IAS 38 and if an active market exists. Given the volatility and market nature of digital assets, the Issuer measures these intangible assets at fair value through other comprehensive income ("OCI"). Changes in fair value are recognised in OCI. This approach reflects the Issuer's intention to hold digital assets for strategic investment purposes rather than for trading.

Assets and liabilities, other than those classified as at fair value through other comprehensive income or fair value through profit or loss, are subsequently measured at amortised cost. For these assets measured at amortised cost, the Issuer has chosen to apply the simplified approach for expected credit losses under IFRS 9 "Financial Instruments". Therefore, the Issuer does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance might be required. Expected credit losses are deemed immaterial for the Issuer as at period end 30 June 2025.

##### 2.2.4 Cash

Cash in the statement of financial position includes cash deposits held on call with banks.

# ISHARES DIGITAL ASSETS AG

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Material accounting policies (continued)

#### 2.2 Assets and liabilities (continued)

##### 2.2.5 Share capital

Share capital classifies as an equity instrument when it meets all of the following conditions:

- It entitles the holder to a pro-rata share of the Issuer's net assets in the event of the Issuer's liquidation;
- It is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- It does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Issuer's net assets; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Issuer over the life of the instrument.

The Issuer's share capital meets these conditions and is classified as equity

#### 2.3 Foreign currency

##### 2.3.1 Functional and presentation currency

Foreign currency items included in the financial statements are measured in the Issuer's functional currency which is United States Dollar ("US Dollar"). The Directors consider that US Dollar most accurately represents the economic effects of the underlying transactions, events and conditions of the Issuer. The Issuer's presentation currency is the same as the functional currency.

##### 2.3.2 Transactions and balances

Transactions in foreign currencies are translated into the functional currency of the Issuer at the foreign currency exchange rate in effect at the date of the transaction. Foreign currency assets and liabilities, including investments, are translated at the exchange rate prevailing at the reporting date. The foreign exchange gain or loss based on the translation of the investments, as well as the gain or loss arising on the translation of other assets and liabilities, is included in the statement of comprehensive income in "Net gains/(losses) on foreign exchange".

#### 2.4 Fees and expenses

Expenses are recognised in the statement of comprehensive income on an accruals basis, except for transaction charges relating to the acquisition and realisation of investments which are charged for as incurred.

#### 2.5 Changes in accounting standards and policies

##### 2.5.1 New standards and amendments effective after 30 June 2025 which have not been early adopted

Certain new standards and amendments to standards are effective for annual periods beginning on or after 30 June 2025 and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Issuer, with the exception of "IFRS 18 Presentation and Disclosure in Financial Statements" which management is currently assessing the impact of on the financial statements.

### 3. Financial risks

#### 3.1 Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by currency, interest rate and price movements. It represents the potential loss the Issuer may suffer through holding market positions in the face of market movements.

##### 3.1.1 Market risk arising from foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

##### Exposure to foreign currency risk

The Issuer is exposed directly to risks that the exchange rate of its functional currency relative to other currencies may change in a manner which has an adverse effect on the value of the portion of the Issuer's assets which are denominated in currencies other than its own functional currency.

All, or substantially all, of the Issuer's investments are denominated in the functional currency of the Issuer, therefore as at 30 June 2025, the Issuer was not directly exposed to foreign currency risk and no currency sensitivity information has been presented.

##### 3.1.2 Market risk arising from price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the Issuer and its investments.

##### Exposure to price risk

The Issuer is exposed to price risk arising from its investments in digital assets. The exposure of the Issuer to price risk is the fair value of the investments held as shown in the statement of financial position.

# ISHARES DIGITAL ASSETS AG

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3. Financial risks (continued)

#### 3.1.2 Market risk arising from price risk (continued)

##### Management of price risk

By diversifying the portfolio, where this is appropriate and consistent with the Issuer's objectives, the risk that a price change of a particular investment will have a material impact on the Issuer's net assets is minimised. The performance of the Issuer's investments is monitored on a regular basis by the Arranger.

### 3.2 Liquidity risk

Liquidity risk is the risk that the Issuer will encounter difficulty in meeting obligations associated with liabilities.

##### Exposure to liquidity risk

The Issuer's principal liquidity risks arise from the ability to have sufficient liquidity to meet its liabilities when due.

As at 30 June 2025, the Issuer's financial liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date were as follows:

30 June 2025	Less than 1 month USD'000	1 - 3 months USD'000	3 months to 1 year USD'000	Over 1 year USD'000	Total USD'000
<b>Liabilities</b>					
Securities	(343,714)	-	-	-	(343,714)
Other payables	(41)	-	-	-	(41)
<b>Total</b>	<b>(343,755)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(343,755)</b>

##### Management of liquidity risk

The Issuer's liquidity risk is managed by management in accordance with established policies and procedures in place. The Issuer's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The liquidity management systems and procedures employed by management will allow them to apply various tools and arrangements to respond appropriately to the requirement to liquidate the assets of the Issuer.

### 3.3 Counterparty credit risk

Counterparty credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

##### Exposure to counterparty credit risk

The Issuer is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. The carrying value of assets best represents the Issuer's maximum exposure to counterparty credit risk at the reporting date. Cash is held with counterparties that are regulated entities subject to prudential supervision, or with high credit ratings assigned by international credit rating agencies.

As at 30 June 2025, the Issuer's assets exposed to credit risk are disclosed in the Statement of Financial Position. As at 30 June 2025, all of the cash is held with HSBC Bank plc, London, Zürich Branch (the "Bank").

##### Management of counterparty credit risk

To mitigate the Issuer's counterparty credit risk to the Bank, management employs specific procedures to ensure that the Bank is a reputable institution and that the associated counterparty credit risk is acceptable to the Issuer. The Issuer only transacts with banks that are regulated entities, subject to prudential supervision or with "high credit ratings" assigned by international credit rating agencies. The long-term credit rating of the parent company of the Bank, HSBC Bank plc, as at 30 June 2025 is A+ (Standard & Poor's rating).

#### 3.3.1 Custodian

The Share Trustee will also be exposed to the credit risk of the Custodian in respect of the portfolio, in the form of investments or cash held by the Custodian, and where applicable, the credit risk of any bank, broker, clearing house or financial intermediary that holds any such investments or cash for the account of the Custodian. Any default in its payment obligations by the Custodian, or any such bank, broker, clearing house or financial intermediary may have a material adverse effect on the amounts recoverable, which may, in turn, lead to a reduced recovery on the investment. All of the cash balances of the Issuer are held with the Custodian.

To mitigate the Issuer's exposure to the Custodian, the Arranger employs specific procedures to ensure that the Custodian is a reputable institution and that the counterparty credit risk is acceptable to the Issuer. The Issuer only transacts with custodians that are regulated entities, subject to prudential supervision or with "high credit ratings" assigned by international credit rating agencies. The long-term credit rating of the parent company of the Custodian, Coinbase Global Inc., as at 30 June 2025 is BB- (Standard & Poor's rating).

# ISHARES DIGITAL ASSETS AG

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. Fair value hierarchy

The Issuer classifies assets and liabilities measured at fair value using a fair value hierarchy. The fair value hierarchy has the following categories:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the Issuer can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. This category includes instruments valued using quoted prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability. This category includes all instruments where the valuation techniques used include inputs not based on market data and these inputs could have a significant impact on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the level 3 asset or liability including an assessment of the relevant risks including but not limited to credit risk, market risk, liquidity risk, business risk and sustainability risk.

The determination of what constitutes 'observable' inputs requires significant judgement and these risks are adequately captured in the assumptions and inputs used in measurement of Level 3 asset or liability. The Directors consider observable inputs to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

#### 4.1 Valuation techniques

##### Digital assets – bitcoin

Digital assets are deemed to be classified as level 1, as they are valued using a listed price. The fair value of bitcoin as at the reporting date is determined by reference to prices published by the Chicago Mercantile Exchange ("CME") Group.

##### Securities

Securities issued by the Issuer in relation to each series are classified within level 2. The fair value of the Securities issued is determined by reference to the exchange quoted value of the underlying crypto asset and adjusted for the TER payable to the Arranger. This valuation technique represents the price of the Securities at which security holders subscribe and request buy-backs of Securities directly with the Issuer. There are no significant unobservable inputs to this valuation technique.

#### 4.2 Fair value hierarchy – Assets and liabilities measured at fair value

The following tables provide an analysis of the Issuer's assets and liabilities measured at fair value as at 30 June 2025:

30 June 2025	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
<b>Assets at fair value through other comprehensive income:</b>				
- Digital assets	343,755	-	-	343,755
<b>Total</b>	<b>343,755</b>	<b>-</b>	<b>-</b>	<b>343,755</b>

30 June 2025	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
<b>Liabilities at fair value through profit or loss:</b>				
- Securities	-	(343,714)	-	(343,714)
<b>Total</b>	<b>-</b>	<b>(343,714)</b>	<b>-</b>	<b>(343,714)</b>

#### 4.3 Financial instruments not measured at fair value

All assets and liabilities not measured at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.



# ISHARES DIGITAL ASSETS AG

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. Digital assets

The table below provides details on the Issuer's digital assets held as at 30 June 2025:

Digital assets	30 June 2025	
	Units	USD '000
- Bitcoin	3,204	343,755
<b>Total</b>	<b>3,204</b>	<b>343,755</b>

The change in fair value for the financial period included in other comprehensive income relating to digital assets held at 30 June 2025 amount to USD 47,845,973.

### 6. Securities

The Securities are issued in the form of debt securities. The Securities represent indebtedness of the Issuer. Securities will be issued in series ("Series"). Each Series will provide exposure to the underlying crypto asset. Each Series may comprise a number of different tranches issued on identical terms other than the issue date. The Securities of each tranche of a Series shall be interchangeable with all other Securities of that Series.

All Series of Securities are denominated in US Dollars, unless otherwise specified in the final terms. The Securities are secured, limited recourse debt obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in the terms and conditions of the Securities set out in the base prospectus.

The fair value of the Securities is dependent on the crypto asset entitlement, as defined Section 5.3 of the base prospectus. Each Security of each Series will have a Cryptoasset Entitlement. The Cryptoasset Entitlement on a particular day shall be an amount per Security determined by the Administrator as described in the terms and conditions of the Securities set out in the base prospectus.

The following table presents the movement in Securities for the financial period ended 30 June 2025:

	2025 USD '000
Opening balance	-
<b>Cash flows:</b>	
Subscriptions of Securities	(314,348)
Redemptions of Securities	18,387
<b>Non-cash changes:</b>	
Change in fair value of issued securities	(47,753)
<b>Closing balance</b>	<b>(343,714)</b>

### 7. Operating expenses

	2025 USD '000
TER fees	(93)
<b>Total</b>	<b>(93)</b>

#### Total Expense Ratio ("TER") fees

The TER is the rate per annum at which the "all in one" operational fee which is payable to the Arranger in respect of each series of Securities is calculated. The TER for a series is applied to the Cryptoasset Entitlement on a daily basis to determine a daily deduction of an amount of Cryptoasset from the Cryptoasset Entitlement.

The TER rate for the iShares Bitcoin ETP Series is 0.15% per annum.

### 8. Share capital

#### Authorised

The authorised share capital of the Issuer is 100,000 ordinary shares of a par value of CHF 1 each.

#### Issued share capital

As at 30 June 2025, 100,000 ordinary shares are currently in issue and fully paid up. The entire issued share capital of the Issuer is held by the Share Trustee for charitable purposes in accordance with the terms of a declaration of trust.

30 June 2025	USD '000
<b>Issued and fully paid up</b>	
100,000 ordinary shares of CHF 1 each	117

# ISHARES DIGITAL ASSETS AG

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. Share capital (continued)

A reconciliation of the number of shares outstanding for the financial period ended 30 June 2025 is provided in the table below.

	2025
Balance at beginning of the financial period	-
Issue of shares	100,000
Balance at end of the financial period	100,000

### 9. Exchange rates

The rates of exchange as at 30 June 2025 were:

Currency	2025
USD 1 = CHF	0.7931

### 10. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or is able to exercise significant influence over the other party, in making financial or operational decisions.

The sole shareholder of the Issuer is the Share Trustee, who owns 100% of the issued share capital.

The Arranger is a wholly owned subsidiary of BlackRock, Inc. and related parties to the Issuer.

As at 30 June 2025, Robert Majewski is an employee of the BlackRock Group. The Directors who are employees of the BlackRock Group are not entitled to receive Directors' fees.

As at 30 June 2025, Dylan McGrath is an employee of Apex Corporate Services (Schweiz) GmbH, an affiliate of the Share Trustee and the Trustee, Apex Corporate Trustees (UK) Ltd. The Directors who are employees of the Apex Group are not entitled to receive Directors' fees.

Fees paid to the Arranger during the financial period, the nature of these transactions and the balances outstanding at the financial period end are disclosed in note 7.

No provisions have been recognised by the Issuer against amounts due from related parties at the financial period end date. No amounts have been written off during the financial period in respect of amounts due to or from related parties. No commitments secured or unsecured or guarantees have been entered into with related parties during the financial period.

There were no other loans, quasi loans, credit transactions or remuneration between the Issuer and its key management personnel or Directors for the financial period ended 30 June 2025.

### 11. Commitments and contingent liabilities

There were no significant commitments or contingent liabilities as at 30 June 2025 other than those already disclosed in the financial statements.

### 12. Subsequent events

On 28 August 2025, Boudewijn Korten was appointed as a Director.

On 28 August 2025, Dylan McGrath resigned as a Director and was reappointed on 22 September 2025.

On 1 September 2025, the registered office address changed to Militärstrasse 36, 8004 Zurich, Switzerland.

On 22 September 2025, Daniel Ledergerber resigned as a Director.

### 13. Approval date

The financial statements were approved by the Directors on 2 October 2025.

## Want to know more?

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