BITCOIN GROUP SE

ANNUAL REPORT **2017**

CONTENTS

01 LETTER TO SHAREHOLDERS

BITCOIN GROUP SE AT A GLANCE

BITCOIN GROUP SE KEY FIGURES

Improvement in key performance indicators

		2017	2016
Number of customers		667,000	356,000
Bitcoin price	EUR	11,180.57	912.26
Bitcoin Cash price	EUR	1,990.57	
Ethereum price	EUR	613.11	
Revenue	EUR thousand	12,650	1,126.3
Operating result	EUR thousand	10,888	-112.0
Financial result	EUR thousand	-196	319.8
Earnings after taxes	EUR thousand	7,452	114.2
Earnings per share	EUR	1.49	0.02
Equity ratio		76.57%	89.46%

FOREWORD BY THE MANAGING DIRECTOR

Dear Shareholders,

The past financial year was an extraordinarily successful one for our company. Not only did we achieve our own goals, but we also far surpassed the capital market's expectations. So it is, therefore, a great pleasure for us to be able to tell you, our shareholders, about this great success in the context of our reporting obligations. So let's dive in without any further ado.

Forecast greatly exceeded thanks to significant customer growth

Revenue climbed significantly by 1,095% to EUR 12,481 thousand in the reporting period after EUR 1,044 thousand in the previous year. This is essentially due to the higher trading volume on Bitcoin.de in conjunction with the strong price performance of the cryptocurrency Bitcoin. Earnings before taxes surged to EUR 10,888 thousand after EUR 208 thousand in the previous year. Earnings after taxes for the year under review, therefore, amounted to EUR 7,452 thousand.

With its "Bitcoin.de" trading platform, our wholly owned subsidiary Bitcoin Deutschland AG expanded its dominant role in Germany in the year under review as the only regulated marketplace for digital currencies. The strong response from customers is thanks to their trust in a German brand and the fact that, in Fidor Bank, Bitcoin Group SE has an interface to the conventional bank system and, at the same time, a strong partner with a full banking license.

In terms of numbers, we welcomed our 667,000th customer on our trading platform in the past financial year. This number was still 356,000 users just one year ago. On average, 26,000 new customers made their way to Bitcoin.de each month. This development far exceeded our forecasts. Our goal was for 480,000 customers in total by the end of 2017.

Banking – and this includes currency trading – is a matter of trust. Trust is a hard currency, and we are fully aware of this at Bitcoin Group SE. We wish to earn our customers' trust. That's why we have an interface to the conventional banking system through our partner, Fidor Bank in Munich. At the same time, we as Bitcoin Group SE hold stocks of the currencies that can be traded on our Bitcoin.de platform. The advantage of this for our customers is that the euro amounts remain in their own bank accounts, with deposit protection, until the purchased digital currency is paid for.

Transactions are subject to the maximum possible protection and trading is regulated. This is what sets the Bitcoin.de system apart from our competitors. Outside Germany, most marketplaces are not regulated, as payments by customers are usually made to the bank account of the marketplace operator. This way, these sums are not protected in the event of the operator's insolvency. We intend to retain our USP of regulated cryptocurrency trading in the form of a marketplace model in Germany and will keep on developing this towards a stock exchange.

Specifically, Bitcoin Deutschland AG is also planning to establish the first Bitcoin ATMs in Germany. This will literally pay towards elevated awareness of cryptocurrencies in general and Bitcoin Deutschland AG specifically. For payment transactions, both bricks and mortar stores and online retailers will also be given the opportunity to offer Bitcoin as a means of payment. Here, too, there are no providers of such services to date. However, the most important milestone is the further expansion of Bitcoin.de and the inclusion of a number of other cryptocurrencies and ICO tokens in trading. We are currently working on this very intensively. The big goal is still to expand the marketplace towards a Bitcoin exchange.

Regarding our capital market activities, among other things we have looked at moving to the regulated market. We still believe that this move is the right choice, and an important step in enhancing the transparency of our company, the tradability of our shares and confidence. However, changing market segment would mean issuing a prospectus approved by BaFin. Having weighed up all the pros and cons, we have come to the conclusion that such a project would tie up too much capacity at this time, and that the costs involved would be too high. We have, therefore, put changing segment on the backburner for the time being, so as to concentrate more on the ongoing development of our platform. Also, as we do not currently require a capital increase, there is no sense in preparing a securities prospectus just to change segment. We have acknowledged that we achieved the above goals in the open market segment as well. With more than 14,000 shareholders, Bitcoin Group SE also has more shareholders than many MDAX companies.

As part of its growth strategy, the Bitcoin Group was able to acquire a 50% interest in Sineus Financial Services in January 2018. Subject to BaFin approving the transaction, we will be able to offer cryptocurrency services to other companies through Sineus Financial Services GmbH, an independent, fee-based financial consultant, and investment broker. Furthermore, we are looking at the possibility of offering regulated financial instruments such as tokens issued in initial coin offerings (ICO) and classic securities investments through Sineus Financial Services GmbH.

Strong statement of financial position

Total current assets rose from EUR 2,893 thousand as of December 31, 2016, to EUR 49,027 thousand as of December 31, 2017, an increase of 1,594%. This sharp increase was achieved as a result of the higher number of bitcoins held by the company and the general rise in the price of bitcoins. Equity increased by EUR 32,107 thousand to EUR 38,190 thousand in the reporting period as a result of retained earnings (EUR 7,452 thousand) and other comprehensive income (EUR 24,659 thousand).

Outlook 2018

As we anticipate stronger growth in earnings and only modest increases in costs moving ahead, we expect our result of operations to improve significantly in the current financial year.

Most of our activities will focus on the expansion of Bitcoin.de. In addition to Ethereum (ETH), Bitcoin Cash (BCH), and Bitcoin Gold (BTG), there are plans to commence trading in other cryptocurrencies as well in the financial year 2018. On top of the revenue growth already planned, we anticipate that adding more cryptocurrencies will lead to a growth of between 10% and 20%, as has also been witnessed at other market players in the past. Cryptocurrencies that are both particularly interesting and potential candidates include, for example, IOTA, Litecoin, or Monero.

Overall, we are expecting a continued increase in the number of customers and expect to reach 1 million registered users on Bitcoin.de by the end of the 2018 financial year. In order to better leverage the potential of the larger customer base in every respect, and above all in the sense of utilizing our customers more efficiently, further measures are to be implemented to improve usability and customer experience.

The company is planning to acquire further investments in the 2018 financial year and is focusing on companies with cryptocurrency and blockchain business models. This objective is dependent on the opportunities that arise for investments and positive due diligence.

We will work hard to consolidate our position on the European market in 2018 as well, and steadily expand our offerings for customers. The ongoing development of our company will continue to be highly dependent on the further development of the crypto market and the regulatory framework. However, we are confident that our company's greatest growth phases still lie before us.

We are delighted that we not only achieved our goals but far surpassed them as well in the year under review. This success is built on our team of motivated and highly committed employees, to whom we owe our special thanks.

Herford, May 2018

Michael Nowak,

Managing Director

BITCOIN GROUP SE ON THE CAPITAL MARKET

PRICE PERFORMANCE

The price of Bitcoin Group SE shares rose virtually tenfold by 933% in the reporting year. The shares began trading for the year at a price of EUR 6.16 on January 2, 2017. The Bitcoin Group's shares hit their lowest point of EUR 5.58 on May 8, 2017. From that point forward, prices started to break away from the sideways movement that had persisted since the start of the year and, in a volatile environment, made significant gains by the end of the trading year. Bitcoin Group shares reached their highest level for the year at EUR 89.45 on September 5, 2017. The shares ended trading for the year on December 29, 2017, at a price of EUR 62.94. Bitcoin Group SE's market capitalization, therefore, rose to EUR 314.7 million on the basis of 5,000,000 shares outstanding as of the end of 2017. As of the end of 2016, the company's market value was EUR 30.5 million based on a closing price of EUR 6.09 per share for the same number of shares (all figures based on Xetra closing prices). In the past financial year, the average daily trading volume of Bitcoin Group shares on all German stock exchanges increased significantly to 119,495 as against 1,323 in the previous year.

PRICE PERFORMANCE OF BITCOIN GROUP SHARES 2017

INVESTOR RELATIONS

In accordance with statutory and stock exchange regulations, Bitcoin Group SE communicated transparently and continuously with institutional investors, private investors and analysts on current business developments and transactions significant to the price performance of the company in the 2017 reporting period. The Managing Director of Bitcoin Group SE spoke intensively with the financial and business press to present the company to the capital market. In order to introduce the company's shares to a more comprehensive group of investors, the Bitcoin Group will continue its rigorous communications with capital market participants in the 2018 financial year. After the end of the period, Bitcoin Group SE launched an IR mailing list and thereby increased the reach of its corporate communications.

The shares of Bitcoin Group SE are listed on the primary market of the Dusseldorf Stock Exchange and have been traded on the open market on Xetra and the Frankfurt Stock Exchange since October 2016. Furthermore, Bitcoin Group SE shares are traded on the stock exchanges in Munich, Stuttgart, Berlin, Hamburg, Hanover and on the Tradegate Exchange in Berlin. The designated sponsor in the past financial year was Hauck & Aufhäuser Privatbankiers AG. Since April 1, 2018, FinTech Group Bank AG has ensured appropriate liquidity and corresponding tradability in Bitcoin Group shares by providing binding bid and ask prices.

KEY DATA ON BITCOIN SHARES

Sector	Financial services
ISIN	DE000A1TNV91
Securities no.	A1TNV9
Code	ADE
Stock markets	Dusseldorf, Frankfurt, Xetra, Munich, Stuttgart, Berlin, Hamburg, Hanover, Tradegate
Number and type of shares	5,000,000 no-par value bearer shares
Designated sponsor	Hauck & Aufhäuser Privatbankiers AG
Opening price (January 2, 2017)	EUR 6.16
High (September 5, 2017)	EUR 89.45
Low (May 8, 2017)	EUR 5.58
Closing price (December 30, 2017)	EUR 62.94
Exchange rate development	up 933%
Market capitalization	EUR 314.7 million
End of financial year	December 31

SHAREHOLDER STRUCTURE

The shareholder structure of Bitcoin Group SE changed significantly in the reporting period. Free float increased significantly compared to the end of the previous financial year. To Bitcoin Group SE's knowledge, as a long-term core shareholder, Priority AG still holds around 75% of the voting rights as of December 31, 2017. Also according to Bitcoin Group SE's knowledge, the free float with voting rights of less than 5% of the share capital, as per the Deutsche Börse definition, amounts to approximately 25% as of December 31, 2017.

ANNUAL GENERAL MEETING

On August 28, 2017, the Board of Directors and the Managing Director of Bitcoin Group SE reported to the shareholders on the performance in the 2016 financial year, and took their questions, at the Annual General Meeting in Herford. 85.05% of the share capital was represented at the time of voting. The shareholders were highly satisfied with the development of the company and approved the actions of the Board of Directors and the Managing Director. Management proposals were unanimously adopted for all agenda items. The results of voting at the Annual General Meeting can be viewed at http://www.bitcoingroup.com under Investor Relations/Annual General Meeting.

PRICE PERFORMANCE IN Q1 2018

Despite record revenue and earnings, the shares of Bitcoin Group SE were unable to escape the downward trends on the capital market in the first quarter of the current 2018 financial year. In addition, uncertainty regarding the regulation of cryptocurrencies dropped prices by around 35%. The shares began the trading year on January 2, 2018, at a price of EUR 63.45, and ended the first quarter of 2018 on March 29, 2018, at EUR 39.90. The market value of Bitcoin Group SE was EUR 199.5 million at the end of the first quarter of 2018 (previous year: EUR 35 million).

REPORT OF THE BOARD OF DIRECTORS

2017 was a breathtaking success story for digital currencies in general and Bitcoin in particular – and our company, BITCOIN GROUP SE, played a major role in this that was recognized and reflected far beyond regional and national borders. Our company's shares experienced a richly varied and positive response as the "share of the month" in countless reports and analyses by the specialist media. Bitcoin joined the market at the beginning of the year at less than USD 1,000, and the crypto market had a market capitalization of around USD 15 billion; by the end of the year, its value was approximately USD 20,000 and the market capitalization of the crypto market was roughly USD 600 billion. The blockchain technology that Bitcoin uses was the instrument of choice for a wide range of commercial and industrial applications, leading to a growing number of new variants. However, promising progress in the acceptance of Bitcoin not just as a crypto asset but also as an investment ("digital gold") was followed by painful setbacks in forms such as government bans and other restrictive measures. But we can assume that the importance of Bitcoin – despite all the objections – will continue to grow: it has finally "arrived" in the global community. This will also further strengthen and expand the market presence of our Group.

In the year under review, the Board of Directors of BITCOIN GROUP SE duly performed the duties required of it in accordance with the relevant laws, the Articles of Association, and Rules of Procedure. It was constantly in contact with and advised the Managing Director while monitoring his activities. The Managing Director's regular reports on talks held in person, by phone, and in writing provided the Board of Directors with an up-to-date overview of management operations at all times. The Board of Directors was dependably involved in all decisions of fundamental importance to the company.

The company received a wealth of ideas and suggestions from Mr. Oliver Flaskämper, a member of the Management Board of its subsidiary, Bitcoin Deutschland AG.

The Board of Directors of BITCOIN GROUP SE met for a total of five meetings in the 2017 financial year, on March 1, June 12, July 12, August 28, and November 27, 2017.

The meeting on March 1 discussed current issues including reporting, risk management and expanding trading to include other digital currencies such as Ether, Bitcoin Cash, and others.

On June 12, after consultation with the auditor, the annual financial statements for 2016 were adopted in accordance with section 47(5) of the SE-Ausführungsgesetz (SEAG – German SE Implementation Act) in conjunction with section 172 of the Aktiengesetz (AktG – German Stock Corporation Act).

At its meeting on July 12, the Board of Directors approved the Managing Director's proposal to carry the net profit for 2016 of EUR 114,151.57 forward to the new financial year and discussed the details of holding the 2017 Annual General Meeting.

Following a successful Annual General Meeting on August 28, the Board of Directors met on the same day to take stock of the event and discussed further options with the Managing Director for expanding the trading activities of the Bitcoin.de platform operated by the wholly owned subsidiary Bitcoin Deutschland AG. The last of the five meetings was held on November 27.

It dealt with matters of the Group's organizational structure and the status of the application process for publishing a securities sales prospectus. Much of the discussion focused on the rapid increase in cryptocurrency trading on Bitcoin.de in the fourth quarter, which had since been expanded to include Ether and Bitcoin Cash revenue, giving rise to the expectation of a positive net profit for the year. This extraordinary increase in earnings resulted in the need to hire more staff for both the platform and its operating company at the same time. This highly successful working period also included the annual regulatory audit between BaFin, Fidor Bank and the Bitcoin Group, which was brought to a successful conclusion.

The Board of Directors adopted further resolutions on BITCOIN GROUP SE's compliance declaration in accordance with the provisions of the German Corporate Government Code (GCGC) in accordance with section 22(6) SEAG in conjunction with section 161 AktG, editorial amendments to the Articles of Association and personnel issues.

All resolutions of the Board of Directors were adopted unanimously, with all members in attendance and no changes in the identity of its members.

The Board of Directors did not form any committees in the 2017 financial year.

There were no risks to BITCOIN GROUP SE as a going concern at any time. The company always protects its IT systems using state-of-the-art security and technology, and the customer portfolios it manages are also regularly audited and confirmed by independent auditors. However, despite all safeguards, it will never be possible to completely rule out significant losses as a result of criminal activities in connection with software errors.

At its accounts meeting on May 9, 2018, with the auditor in attendance, the Board of Directors discussed with the Managing Director the annual and consolidated annual financial statements and the management report, which had been submitted to it in good time for its own review. After a detailed discussion of the results of the audit and after final internal discussion, the Board of Directors approved the management report and the annual financial statements, which were thus adopted in accordance with section 47(5) SEAG in conjunction with section 172 AktG.

On behalf of the Board of Directors of BITCOIN GROUP SE, I would like to thank the Managing Director and all employees who have worked so successfully in tackling the huge challenges of this strong 2017 financial year for all they have done and the close and trusting cooperation.

Remscheid, May 2018

Martin Rubensdörffer,
Chairman of the Board of Directors of
BITCOIN GROUP SE

02 GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT FOR THE 2017 FINANCIAL YEAR

BASIC INFORMATION ON THE GROUP

BUSINESS MODEL

Bitcoin Group SE, Herford, is a capital investment and consulting company with a focus on Bitcoin and blockchain business models. The Bitcoin Group assists its portfolio companies in tapping growth potential with management services and capital, in order to launch these companies on the capital markets in the medium term. Bitcoin Group SE is planning further investments, including through asset deals and capital increases. Bitcoin Group SE's objective is to increase the enterprise value and profitability of its investments.

Bitcoin Group SE wholly owns Bitcoin Deutschland AG, Herford. Since 2011 Bitcoin Deutschland AG has been operating Germany's only approved marketplace for the digital currency Bitcoin at www.bitcoin.de.

OBJECTIVES AND STRATEGIES

The Group is focused on companies with cryptocurrency and blockchain business models and intends to participate in the promising developments in the field of disruptive cryptocurrencies through investments in these companies.

The Bitcoin.de trading platform owned by the Group has further expanded its dominant role in Germany as the only marketplace for the digital currency, and benefits from customers' confidence in Germany's corporate environment. There are many unregulated Bitcoin marketplaces abroad. Payments are made to the bank account of the respective operators of foreign marketplaces and, in the event of insolvency, are usually not protected. Bitcoin.de offers the advantage that customers keep the euro amounts in their own bank accounts, with deposit protection, until the purchased bitcoins are paid for. The Group's strategy is to maintain this proven marketplace model while at the same time establishing Germany's first regulated Bitcoin exchange.

Furthermore, Bitcoin Deutschland AG is planning to establish the first Bitcoin ATMs in Germany and to offer cryptocurrency payment services for online shopping operators and bricks and mortar stores. Here, too, there are no providers of such services to date. Bitcoin Deutschland AG has proven in recent years that cryptocurrencies are also relevant in Germany, and that business models can be established in this area without any negative impact on reputation.

MANAGEMENT SYSTEM

All business units and subsidiaries report monthly on their financial position, net assets, and results of operations, which are included in the company's half-year and annual reports. The segments also deliver monthly assessments of current and projected business developments. Furthermore, the following components essentially ensure compliance with the internal controlling system:

- regular meetings of the management board, supervisory board and the board of directors
- regular shareholder and annual general meetings
- risk and opportunity management
- liquidity planning
- monthly reports by segments
- internal audits

RESEARCH AND DEVELOPMENT

Research and Development again made significant progress in product development in 2017. Research and development by Bitcoin Deutschland AG focused on the areas of performance, processes, security, and new features in the reporting period.

Performance was further expanded and optimized following a increased number of customers and the high trading activity on the Bitcoin.de marketplace. A high number of new registrations and a high number of trades also means a higher level of support cases. Support staff benefited from optimized and automated processes, allowing them to answer customer inquiries faster. The performance of express trading was further improved by the close cooperation with Fidor Bank AG, Munich.

In the first half of 2017, the planned modification of limits and trust levels, which was necessitated by the increased price of bitcoins and elevated security requirements for customer login (two-factor authentication), was successfully implemented.

In the second half of the year, in particular, Bitcoin's popularity led to a sharp increase in transaction costs on the Bitcoin network. Until August 2017, Bitcoin Deutschland AG assumed these costs on behalf of its customers. With the introduction of the network fee, the costs for paying in Bitcoin (or other cryptocurrencies) are reallocated to the respective customers.

Throughout the year as a whole, Bitcoin Deutschland AG's technology kept a close eye on the vigorous developments of the decentralized and dynamic Bitcoin network in order to be able to respond to scenarios arising from divergent views of some interest groups regarding Bitcoin's ongoing development.

In fact, the developments led to a split in the Bitcoin network in fall 2017, which was successfully mapped on Bitcoin.de. As a result, customers held both Bitcoin (BTC) and Bitcoin Cash (BCH) after the "fork". Trading in Bitcoin Cash (BCH) was available on the marketplace a short time later.

The far-reaching technical changes were used for the rapid introduction of other cryptocurrencies on Bitcoin.de. Bitcoin Gold (BTG) was also listed as well as Bitcoin Cash (BCH). Following the addition of Ethereum (ETH) in September 2017 in particular, Bitcoin Deutschland AG is now more broadly positioned and honoring user interest in what are known as "altcoins".

The Bitcoin.de platform will be expanded further in 2018 in order to list more cryptocurrencies on the marketplace. The technical foundations will be created to enable "cryptocurrency-to-cryptocurrency" trading in 2018. The development of a new web design for Bitcoin.de is already at an advanced stage.

ECONOMIC REPORT

GENERAL ECONOMIC AND INDUSTRY CONDITIONS

The value of and demand for bitcoins are determined by the development of the economy and the exchange rates of national currencies. While gross domestic product in the euro area rose by 2.5% as against the previous year in 2017 according to the statistical office of the European Union (Eurostat), the euro fell 92% against bitcoin over the same period.

The daily trading volume on Bitcoin exchanges increased by 1,582% from approximately 767 million to 12.136 billion bitcoins . The significant growth in bitcoin trading highlights Bitcoin's development from being a niche product to a recognized currency. The subsidiary Bitcoin Deutschland AG also benefited from this in the 2017 financial year.

Throughout Germany, we are as yet unaware of any other investment company for disruptive technology-oriented companies (Bitcoin and Blockchain); hence Bitcoin Group SE can still claim to be a monopolist. This is also true of the investment Bitcoin Deutschland AG.

The overall conditions for Bitcoin have continued to improve. The voices calling for a ban on Bitcoin and other cryptocurrencies are becoming ever quieter. It is now generally accepted that the decentralized Bitcoin network cannot be regulated. The network is the only source of information on regulated trading platforms and organizations that accept cryptocurrencies as payment, assist official agencies and investigate crimes in connection with cryptocurrencies.

The overall economic situation and the persistently low interest rates in the 2017 financial year mean that an investment in bitcoins is still attractive for investors.

In addition to Bitcoin's higher market capitalization, helping its reputation, raising interest in it and improving its acceptance, Bitcoin's general price development means that the financial industry at large is having to think more about Bitcoin and Blockchain.

BUSINESS PERFORMANCE

Bitcoin Group SE still wholly owns Bitcoin Deutschland AG. As a broker bound by contract of Fidor Bank AG, Munich, Bitcoin Deutschland AG brokers investments in financial instruments in the name and on account of Fidor Bank AG in accordance with section 1(1a) sentence 2 no. 1 of the Kreditwesengesetz (KWG – German Banking Act).

* Source: www.coinmarketcap.com

The number of Bitcoin.de customers has increased from around 356,000 to more than 667,000 over the financial year, corresponding to average growth of around 26,000 customers per month.

Revenue also exceeded forecasts significantly, rising from EUR 1,126 thousand in the previous year to EUR 12,650 thousand in the 2017 financial year, an increase of 1,023%.

No restructuring measures or rationalization measures were necessary in the 2017 financial year. Furthermore, no companies were bought or sold.

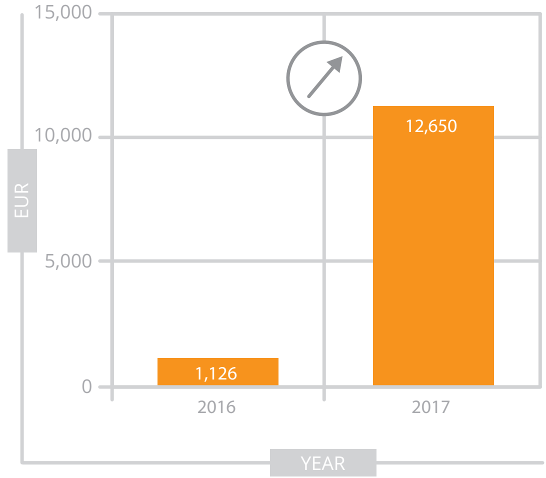
The goal of 480,000 users was easily surpassed in the reporting period. Revenue also clearly outperformed forecasts with a growth of 1,095%.

FINANCIAL POSITION, NET ASSETS, AND FINANCIAL PERFORMANCE

RESULTS OF OPERATIONS

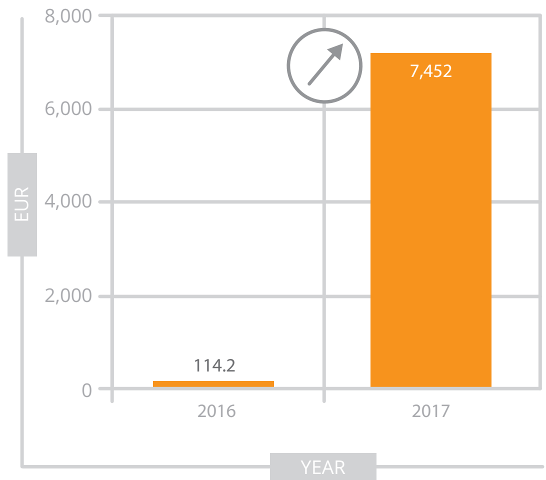
The comparison of the income statements for the 2016 and 2017 financial years shows the results of operations and changes in them. Operating revenue climbed to EUR 12,650 thousand in the 2017 financial year after EUR 1,126 thousand in the same period of the previous year.

REVENUE DEVELOPMENT 2017/2016



This is essentially due to the higher trading volume on Bitcoin.de in conjunction with Bitcoin's strong price performance. Earnings after taxes for the year, therefore, amount to EUR 7,452 thousand. The largest earnings item is revenue from Bitcoin trading proceeds, which rose by 1,023%.

DEVELOPMENT IN EARNINGS AFTER TAXES 2017/2016



The largest cost item is staff costs, which grew by 47%. As we anticipate stronger growth in earnings and only modest increases in costs moving ahead, the results of operations will continue to improve in the coming years, as Bitcoin Deutschland AG's business model is not scaled up by additional manpower.

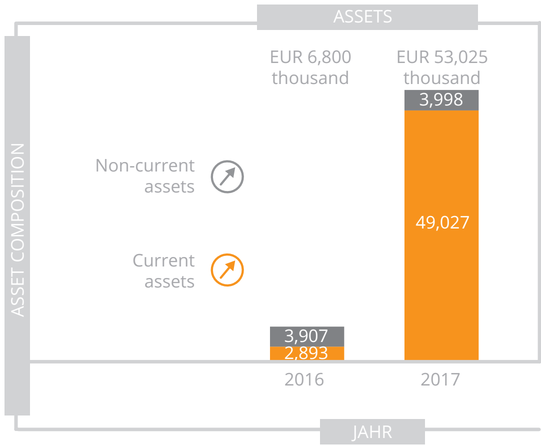
Taxes for the reporting period are calculated on the basis of the German provisions for determining income. Deferred tax liabilities were recognized for the valuation adjustments of bitcoins. The effect is shown in equity (2017: EUR 11,008 thousand; 2016: EUR 441 thousand).

Deferred taxes on measurement adjustments were calculated using the tax rates applicable in Germany. As all matters in connection with deferred taxes arose in Germany, an average tax rate of 30% is assumed for the financial year. The reconciliation of taxes has not been shown as the deferred taxes are exclusively reported in equity under other comprehensive income.

FINANCIAL POSITION

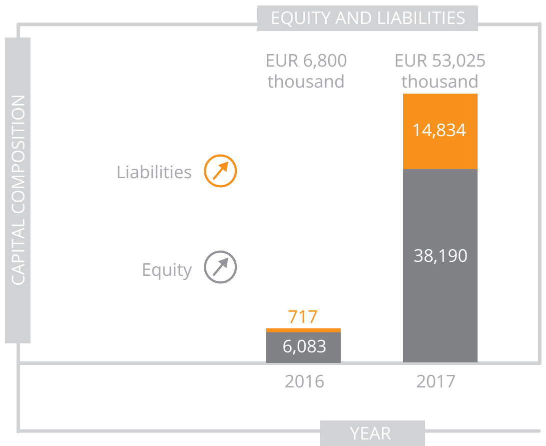
An overview of the origin and use of funds is shown by the statement of cash flows, which has been prepared in accordance with International Financial Reporting Standards (IFRS).

ASSETS



The Bitcoin Group still operates without bank and capital market financing. Cash and cash equivalents rose by EUR 6,581 thousand year-on-year to EUR 7,346 thousand as of December 31, 2017. In particular, this increase was driven by the cash inflow from operating activities of EUR 6,689 thousand. After adjustment for the non-cash effects of the measurement of cryptocurrencies at fair value, including deferred taxes on them, the rise in operating cash flow results primarily from the positive operating results for the financial year of EUR 10,888 thousand, less income taxes of EUR 3,436 thousand. In addition, there were cash outflows for investing activities, relating mainly to intangible assets of EUR 109 thousand. As there was neither equity nor debt financing in the 2017 financial year, there are no changes in cash flows for or from financing activities. In summary, the Group is financed by its operating activities.

EQUITY



ASSET SITUATION

Total current assets rose from EUR 2,893 thousand as of December 31, 2016, to EUR 49,027 thousand as of December 31, 2017, an increase of 1,594%. This sharp increase was achieved as a result of the higher number of bitcoins held by the company (up 48%) and the general rise in the price of bitcoins (up 1,129%). Equity increased by EUR 32,107 thousand to EUR 38,190 thousand in the reporting period as a result of retained earnings (EUR 7,452 thousand) and other comprehensive income (EUR 24,655 thousand). The asset situation and capital structure, and changes in them compared to the previous year, are shown by the following summaries of figures (in thousands of euro) taken from the statements of financial position for the reporting periods ended December 31, 2016, and December 31, 2017. Non-current assets increased only slightly by EUR 90.6 thousand in the 2017 financial year. This is due essentially to the rise in intangible assets/acquisition of relevant domains (EUR 58 thousand) and property, plant, and equipment (EUR 51 thousand).

Current assets were up by EUR 46,134 thousand as a result of the higher price of cryptocurrencies held by the company (EUR 39,448 thousand) and cash and cash equivalents (EUR 6,580 thousand).

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The Bitcoin Group has essentially been controlled to date using the financial key performance indicators of revenue, earnings before interest, taxes, depreciation, and amortization (EBITDA), and free cash flow, in addition to the non-financial indicator of new customers.

Bitcoin Group SE thereby ensures that decisions concerning the balancing act between growth, profitability, and liquidity are sufficiently taken into account. Revenue is used to measure success on the market. The Group uses EBITDA to measure its own operating performance and the performance of its investments.

Taking the free cash flow into account ensures that the financial substance of the company is maintained. The free cash flow is the net amount remaining from cash flows from operating activities and cash spent on investments.

The most important non-financial indicator is the development in new customers. Here we monitor the media reporting (public media) on public events such as ETF approvals or Blockchain fork rumors.

Furthermore, the Bitcoin Group also conducts proactive public relations work for the company's products and business model, for example with television/Internet appearances, presentations or reports on the Bitcoin blog (www.bitcoinblog.de). The number of new customer registrations is directly linked, and the Managing Director reports to the Board of Directors on this, and the above financial performance indicators, on a monthly basis.

FORECAST, OPPORTUNITIES, AND RISKS REPORT

FORECAST

Review:
The company planned to acquire further investments in the past financial year. This did not go ahead on account of the small number of Blockchain/Bitcoin companies on the market.

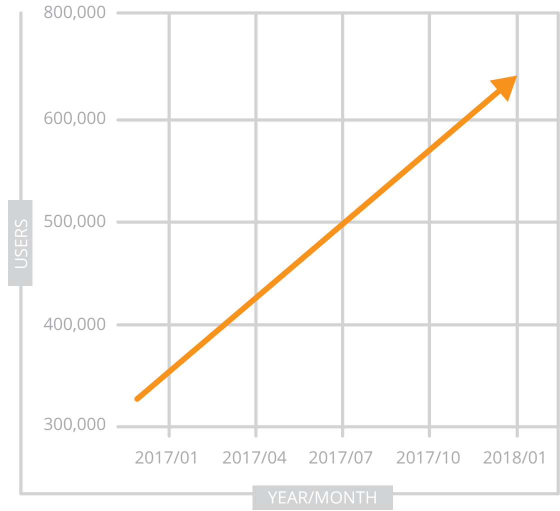
The forecast for much higher, breakeven EBITDA was significantly exceeded on account of the sharp rise in the price of the bitcoin cryptocurrency, the associated public interest, increased volatility, and the strong rise in revenue.

The Bitcoin Group, therefore, ended the 2017 financial year well ahead of expectations.

The company is planning to acquire further investments in the 2018 financial year. This objective is dependent on the opportunities that arise for investments and positive due diligence.

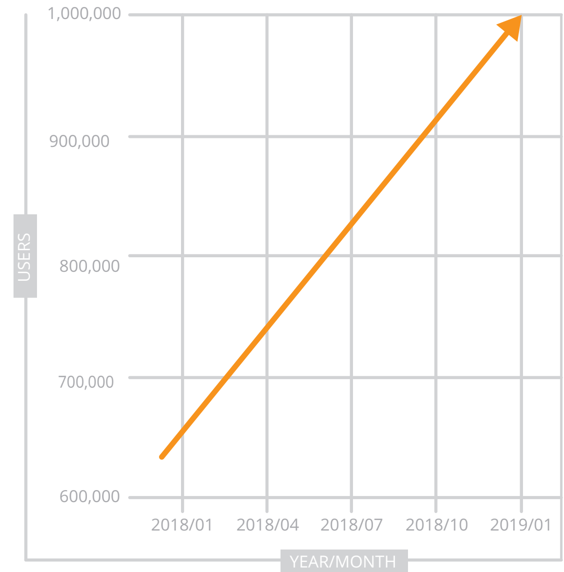
There are plans to add further cryptocurrencies in the 2018 financial year. On top of the revenue growth already planned, adding more cryptocurrencies is expected to lead to growth of between 10% and 20%, as has also been witnessed at other market players in the past. Potential candidate cryptocurrencies include IOTA, Litecoin, or Monero.

TOTAL USERS 2017/2018 (13 MONTHS)



Given the constant growth, the company expects to amass 1,000,000 registered users by the end of the 2018 financial year. In order to better leverage the potential of the larger customer base, further measures are to be implemented to improve usability and customer experience.

FORECAST USERS 2018/2019 (13 MONTHS)



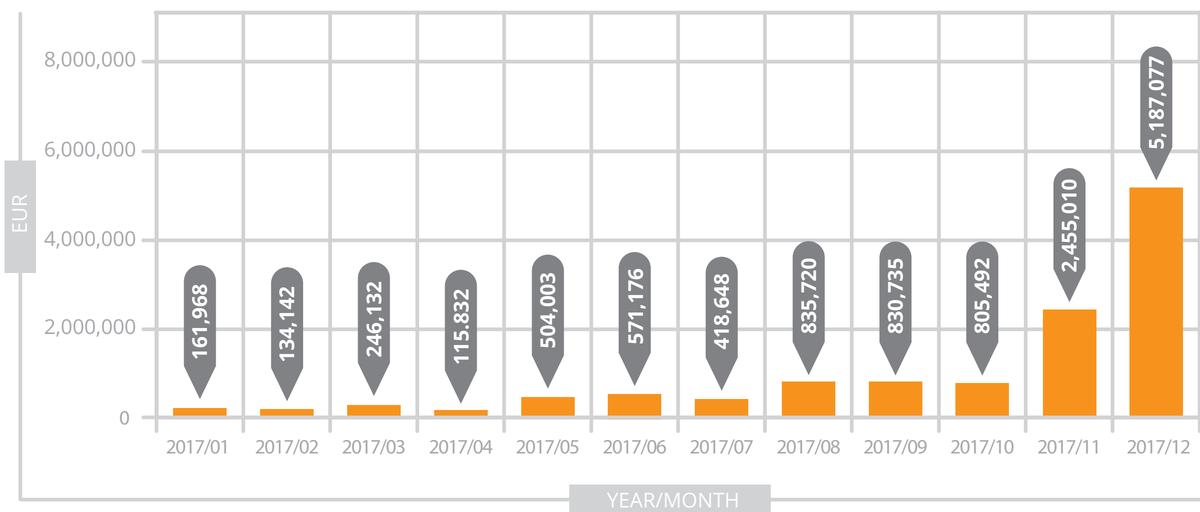
The measures planned for the 2018 financial year are intended to achieve rapid growth in revenue from Bitcoin, Bitcoin Cash, Bitcoin Gold, and Ethereum trading and to consolidate the position on the European market. A strong increase in earnings is expected for the 2018 financial year.

OPPORTUNITIES AND RISKS REPORT

RISK MANAGEMENT SYSTEM

Efficient risk management is intended to systematically identify risks early on in order to take countermeasures in a timely manner and to manage any risks. Risk management is an integral component of Bitcoin Group SE's value-driven and growth-oriented management. Risk management at Bitcoin Group SE, therefore, tracks, analyses and monitors the potential risks of all major business transactions and processes. The risk strategy always requires an assessment of the risks of an investment and the associated opportunities. The company's management assesses the individual risks on the basis of their probability of occurrence and potential losses. It also only takes appropriate, manageable and controllable risks if this entails increased enterprise value at the same time.

REVENUE PER MONTH



Speculative transactions or other speculative measures such as bonds or investments in conventional foreign currencies, with the exception of investments in established cryptocurrencies, are not permitted. The equity and liquidity situation is monitored on an ongoing basis. The Board of Directors received regular and detailed reports on the financial situation in the 2017 financial year. This approach creates optimal transparency and thus forms a solid basis for the assessment of risks and opportunities.

The Managing Director and the Board of Directors are therefore able to initiate appropriate measures to maintain a stable financial and liquidity situation for the company immediately.

RISKS AND OPPORTUNITIES

Bitcoin Group SE and its investments are exposed to a number of opportunities and risks, of which the following can be considered material.

RISK MATRIX

RISK ASSESSMENT – PROBABILITY OF OCCURRENCE

Class 1	very low	0 % - 25 %
Class 2	low	25 % - 50 %
Class 3	medium	50 % - 75 %
Class 4	high	75 % - 100 %

RISK ASSESSMENT – LOSS CLASSES

Class 1	EUR 50,000 to EUR 100,000	insignificant
Class 2	EUR 100,000 to EUR 500,000	low
Class 3	EUR 500,000 to EUR 1,000,000	medium
Class 4	> EUR 1,000,000	severe

MARKET-RELATED RISKS AND OPPORTUNITIE

- The success of investments is dependent on the general stock exchange environment and economic developments: A deterioration of external conditions can lead to losses from investment activity, or make it more difficult to raise capital, thereby negatively affecting financial position, net assets and results of operations (class 2/class 2). By contrast, a positive environment can have an effect not solely due to the value of the individual investment.

- Dependence on industry assessments by capital market participants: The measurement of individual investments can deteriorate, or improve, as a result of changes in industry assessments by market participants (class 2/class 2).

- Capital market volatility: Fluctuations in prices on the capital market, in particular, price fluctuations on bitcoin markets, can affect the value of the investments both negatively (class 3/class 3) and positively.

- Currency and exchange rate risk: In the event of investments outside the euro area, currency fluctuations can have a negative (class 1/class 1) or positive effect on the value of investments.

- Foreign investments: Investments outside Germany can lead to increased risks owing to a different legal or tax situation that adversely affects financial position, net assets and results of operations (class 1/class 1). However, there can also be advantages, particularly in the area of taxation.

- Tougher competition: Risk capital providers, who compete with Bitcoin Group SE, can heighten the competition for investments by raising additional capital (class 1/class 1).

- Risks and opportunities resulting from changes in interest rates: Changes in interest rates can affect the measurement of investments and make potential borrowings not subject to interest rate agreements more or less expensive (class 1/class 1), thereby leading to changes in the financial position, net assets and results of operations of the company.

BUSINESS-RELATED RISKS AND OPPORTUNITIES

- Risks and opportunities resulting from the company's investing activities: The long-term value of investments cannot be guaranteed despite intensive due diligence by the company. Failures can pose a threat to the company's existence (class 1/class 4), while successes can have a positive influence on the company's asset situation.

- Dependence on information: The company is dependent on information provided to it by the seller or by target companies. It cannot be completely ruled out that this information is false or misleading (class 1/class 2).

- Particular risks and opportunities of young companies: The companies targeted by Bitcoin Group SE are in an early phase of their development, which entails a high risk of insolvency and thus a total loss for Bitcoin Group SE (class 2/class 1). On the other hand, start-ups are often valued significantly below their future level, which can have a very positive effect for Bitcoin Group SE.

- Limited rights in investments: Owing to a possible minority interest in target companies, the company will not always be able to protect its interests in these investments (class 1/class 1).

- Tax risks: A potential change in tax legislation can have a lasting negative impact on the company's financial position, net assets and results of operations. A relevant issue in this context is the BMF letter of February 27, 2018. As a result of this, Bitcoin Deutschland AG would have to remit VAT, plus any interest, for commission received in connection with the brokerage of cryptocurrencies for the years that can still be amended under tax law. Furthermore, future commission for cryptocurrency brokerage would be subject to VAT, with the result that the earnings situation of Bitcoin Germany AG for past and future years could deteriorate by up to 19%, leading to a negative impact on the consolidated financial statements of Bitcoin Group SE. We maintain our position that this rule does not apply (see also our ad hoc disclosure of March 1, 2018) and therefore rate the probability of occurrence as low. (class 2/ class 4).

- Risks due to a lack of insurance coverage: Other than D&O insurance for its executive bodies, the company does not have its own insurance. External events can have a lasting negative impact on financial position, net assets and results of operations (class 1/class 2).

- Risks due to loss of cryptocurrencies: External hackers or employees could illegally steal cryptocurrencies entrusted to the subsidiary Bitcoin Deutschland AG by customers, with the result that Bitcoin Deutschland AG would potentially be required to pay damages. This could have a lasting negative impact on financial position, net assets and results of operations. However, as more than 98% of cryptocurrencies are held offline, i.e., without an Internet connection, and distributed, i.e., protected against access by individual persons, this company sees this risk as low. The same applies to Bitcoin Deutschland AG's own holdings of cryptocurrencies, which are also 98% offline and distributed. Bitcoin Deutschland AG's own assets are sufficient to cover potential losses of the cryptocurrencies usually available online for payment requests several times over (class 1/class 3).

- Risks and opportunities from credit financing: Bitcoin Group SE intends to carry out the acquisition of interests possibly using borrowed funds. The obligations to be entered into in this context could have a materially adverse effect on the company's financial position, net assets and results of operations (class 1/class 4). From the perspective of equity capital providers, the current historically low interest rate could allow attractive lending conditions with a positive effect on the return on equity.

- Possibility of the full or partial sale of the interest held by the major shareholder Priority AG: A new major shareholder could control the company or at least obtain a blocking minority (class 1/class 1).

- Termination of the cooperation agreement with Fidor Bank AG: As Bitcoin Deutschland AG does not yet have its own permit from the German Federal Financial Supervisory Authority (BaFin), it is currently still dependent on its cooperation with Fidor Bank AG, under whose liability umbrella Bitcoin Deutschland AG acts as a broker bound by contract. Following the hypothetical terminat on of the cooperation agreement, Bitcoin Deutschland AG would have to find a new cooperation partner to provide Bitcoin Deutschland AG with a new liability umbrella. However, the company has mitigated this risk by acquiring a 50% interest in Sineus Financial Services GmbH, which gives it a contractual assurance of cooperation should this become necessary (class 2/class 1).

- In order to identify risks early on, key risks are systematically identified and analyzed in all areas of the company. There is a monthly reporting system for this that identifies vulnerabilities, continuously analyses changes and, if necessary, initiates suitable measures to minimize risks.

In summary, the opportunities arising from the still young and high-growth environment of crypto technologies exceed the risks.

RISK REPORTING

ON THE USE OF FINANCIAL INSTRUMENTS

The financial instruments used by the company and its investments essentially include units of account (cryptocurrencies), receivables, liabilities, and bank balances. The company and its associated companies have a solvent customer base. So far there have been no defaults thanks to advance payment regulations. Liabilities are paid within the agreed periods. The objective of the company's financial and risk management is to protect the company against financial risks of all kinds. The company employs a conservative risk policy in the management of its financial positions. A risk management system for the company's own bitcoin holdings is not necessary as it does not acquire its own bitcoins for the purpose of speculation, but rather to protect against potential hacking attacks. The company stores 98% of its bitcoins "cold", i.e., without access to the Internet, thereby guaranteeing the utmost possible security. The company has adequate receivables management to minimize the risks of default.

TAKEOVER LAW DISCLOSURESE

IN ACCORDANCE WITH SECTIONS 289(4) AND 315(4) HGB

Composition of issued capital

The issued capital of Bitcoin Group SE amounted to EUR 5,000,000 in total on December 31, 2017 (December 31, 2016: EUR 5,000,000) and was divided into 5,000,000 no-par value shares with a notional share in the issued capital of EUR 1.00 per share. All shares have the same rights and obligations. Each share grants the right to one vote at the Annual General Meeting of the company.

Restrictions relating to voting rights or the transfer of shares

The Board of Directors has no information on any restrictions on the exercise of voting rights or on the transferability of shares beyond the statutory provisions.

Capital holdings exceeding 10% of voting rights

As of December 31, 2017, there were the following direct or indirect holdings in the capital of Bitcoin Group SE exceeding 10% of voting rights: Priority AG, Herford.

Shares with special rights bestowing control

No shares with special rights bestowing control were issued.

Voting right control for interests held by employees

There are no voting right controls for the event that employees hold interests in the capital of the Bitcoin Group.

Appointment and dismissal of members of the Board of Directors and managing directors

Please see the applicable statutory provisions of sections 28, 29 SEAG regarding the appointment and dismissal of members of the Board of Directors. Please see the applicable statutory provisions of section 40 SEAG regarding the appointment and dismissal of managing directors.

DECLARATION OF COMPLIANCE

BY THE BOARD OF DIRECTORS OF BITCOIN SE IN ACCORDANCE WITH ARTICLE 9(1) C) II) OF THE SE REGULATION IN CONJUNCTION WITH SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of a European company (SE) listed in Germany is legally required in accordance with section 22(6) SEAG in conjunction with section 161 AktG to declare once per year whether the officially published recommendations of the Government Commission for the German Corporate Governance Code (GCGC) applicable at the time of the declaration have been and are complied with. Companies are also required to declare which recommendations of the Code have not been or are not applied and why. The full text of the declaration of compliance by the Board of Directors of Bitcoin SE has been made permanently available on the company's website at www.bitcoingroup.com.

REMUNERATION REPORT

The company has chosen not to disclose the individual total remuneration of members of the Board of Directors in accordance with section 285 no. 9a of the Handelsgesetzbuch (HGB – German Commercial Code) and section 314(1) no. 6a HGB.

In accordance with statutory requirements, the remuneration components of the Board of Directors are to be based on the usual amount and structure at comparable companies in Germany and abroad, and on the economic situation and the future development of the company. The remuneration is also intended to take into account the activities and performance of the Board of Directors and to provide an incentive for commitment and long-term corporate development.

The total remuneration of the Managing Director consists of fixed annual basic remuneration, additional benefits, and variable remuneration. The fixed remuneration consists of a set annual salary not based on performance, which is paid in twelve equal monthly installments. The additional benefits relate to the entitlement to non-cash remuneration in the form of the use of a company car and a tax-free subsidy in accordance with section 3 no. 33 of the Einkommensteuergesetz (EStG – German Income Tax Act), R 3.33 LSt. The variable remuneration is performance-based and determined by the earnings generated.

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position, net assets and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

OVERALL ASSERTION

Overall, the Managing Director considers the performance over the 2017 financial year and the Group's economic situation to be extremely positive. The general economic data specific to the industry, the revenue and earnings position of Bitcoin Group SE and media interest all improved in a highly satisfactorily manner, allowing optimism and confidence for the 2018 financial year.

DEPENDENT COMPANY REPORT

BY THE MANAGING DIRECTOR

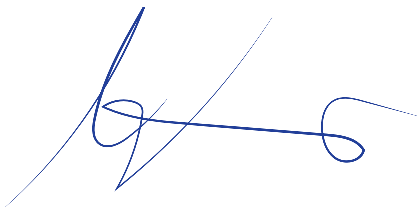
The Managing Director makes the following declaration in accordance with section 312(3) AktG: The Managing Director has produced a dependent company report that conclusively declares that, in the reporting year, the company received appropriate consideration for all transactions performed and all measured taken or forgone – as described in the dependent company report referred to above – and the company was therefore not disadvantaged.

SUPPLEMENTARY REPORT

On January 15, 2018, Bitcoin Group SE achieved an interest in Sineus Financial Services GmbH, Melle, by acquiring 50% of the shares in the company. The purchase price was a low six-figure amount. The transaction is subject to the condition precedent of approval by the relevant regulatory authorities. The deal is expected to close in the first half of 2018. The amount of assets acquired and liabilities assumed at the time of acquisition has not yet been reliably determined as purchase price allocation is still outstanding. Sineus Financial Services GmbH is a financial services institution entered by the Federal Financial Supervisory Authority (BaFin) in the register of independent fee-based investment consultants in accordance with section 93 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), licensed to provide investment brokerage, investment consulting and contract brokerage services. In the purchase agreement, Bitcoin Group SE secured the right for its subsidiary Bitcoin Deutschland AG to perform investment brokerage services for crypto-currencies in accordance with section 1(1a) sentence 2 no. 1 of the Kreditwesengesetz (KWG – German Banking Act) if necessary as a contracted agent of Sineus Financial Services GmbH in accordance with section 2(10) KWG.

There have been no further events that would lead to an adjustment of the amounts recognized in the financial statements in accordance with IAS 10.8 et seq. Other events to be disclosed under IAS 10.21 et seq., such as those listed in IAS 10.22 (business combinations, restructuring, equity transactions, extensive legal disputes, etc.), after the end of the reporting period are presented elsewhere (see note 1 above).

Herford, May 4, 2018



Michael Nowak
Managing Director

03 ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ASSETS

	Note	December 31, **2017** EUR	December 31, **2016** EUR
Non-current assets			
Intangible assets	4.1.1	59,331.57	1,711.57
Goodwill	4.1.1	3,882,225.95	3,882,225.95
Property, plant, and equipment	4.1.1	55,959.00	22,986.00
Total non-current assets		**3,997,516.52**	**3,906,923.52**
Current assets			
Trade receivables from third parties	4.2.1	69,591.20	14,785.62
Other financial assets (receivables from related parties)	4.2.2	102,201.90	0.00
Available-for-sale financial assets	4.2.3	41,482,617.41	2,034,818.87
Other non-financial liabilities	4.2.4	27,037.35	12,454.52
Income tax assets	4.2.5	0.00	65,937.50
Cash and cash equivalents	4.2.6	7,345,553.05	765,112.03
Total current assets		**49,027,000.91**	**2,893,108.54**
Total assets		**53,024,517.43**	**6,800,032.06**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EQUITY AND LIABILITIES

		December 31, **2017**	December 31, **2016**
	Note	EUR	EUR
Equity			
Issued capital	4.3	5,000,000.00	5,000,000.00
Cumulative retained earnings	4.3	7,504,483.90	52,938.82
Other comprehensive income	4.3	25,685,567.57	1,030,131.18
Total equity		**38,190,051.47**	**6,083,070.00**
Non-current liabilities			
Deferred tax liabilities	4.4.5	11,008,100.39	441,484.79
Total non-current liabilities		**11,008,100.39**	**441,484.79**
Current liabilities			
Trade payables to third parties	4.4.2	173,575.80	26,135.41
Other financial liabilities (liabilities to related parties)	4.4.3	0.00	36,884.68
Other non-financial liabilities	4.4.1	310,955.75	127,090.67
Income tax liabilities	4.4.4	3,341,834.02	85,366.51
Total current liabilities		**3,826,365.57**	**275,477.27**
Total assets		**53,024,517.43**	**6,800,032.06**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year January 1, 2017, to December 31, 2017, in accordance with IFRS

	Note	January 1 to December 31 **2017** EUR	January 1 to December 31 **2016** EUR
Revenue	5.1	12,650,264.09	1,126,277.00
Other operating income	5.2	15,274.69	14,076.60
Cost of materials	5.3	-150,727.06	-130,460.50
Cost of staff	5.4	-685,537.38	-465,409.04
Depreciation and amortization	5.5	-17,944.06	-16,818.63
Other operating costs	5.6	-923,588.18	-639,618.65
Operating results		**10,887,742.10**	**-111,953.22**
Other financial income		0.00	319,801.09
Other financial expenses		-196.00	0.00
Financial result	5.7	**-196.00**	**319,801.09**
Earnings before income taxes		10,887,546.10	207,847.87
Income taxes	5.8	-3,436,001.02	-93,696.30
Net profit for the year		**7,451,545.08**	**114,151.57**
Net profit attributable to the owners of the parent company		**7,451,545.08**	**114,151.57**
Basic earnings per share		1.49	0.2
Diluted earnings per share		1.49	0.2
Fair value measurement of available-for-sale financial assets	4.2.3	36,693,667.96	1,471,615.97
Total other comprehensive income that could be recycled to profit or loss, before taxes		36,693,667.96	1,471,615.97
Total other comprehensive income, before taxes		**36,693,667.96**	**1,471,615.97**
Income taxes in connection with fair value measurement of available-for-sale financial assets	4.4.5	-11,008,100.39	-441,484.79
Total income taxes in connection with components of other comprehensive income that could be recycled to profit or loss		-11,008,100.39	-441,484.79
Total other comprehensive income		25,685,567.57	1,030,131.18
Total comprehensive income		**33,137,112.65**	**1,144,282.75**
Total comprehensive income attributable to the owners of the parent company		**33,137,112.65**	**1,144,282.75**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of December 31, 2017

	Issued capital	Other comprehensive income	Profit/loss carried forward	Net profit for the year	Equity
Note	4.3	4.3	4.3	4.3	4.3
	EUR	EUR	EUR	EUR	EUR
As of January 1, 2016	**5,000,000.00**	**514,590.77**	**-61,212.75**	**0.00**	**5,453,378.02**
Total comprehensive income for 2016	0.00	515,540.41	0.00	114,151.57	629,691.98
Appropriation of net profit for the year	0.00	0.00	114,151.57	-114,151.57	0.00
As of December 31, 2016	**5,000,000.00**	**1,030,131.18**	**52,938.82**	**0.00**	**6,083,070.00**
As of January 1, 2017	**5,000,000.00**	**1,030,131.18**	**52,938.82**	**0.00**	**6,083,070.00**
Total comprehensive income for 2017	0.00	24,655,436.39	0.00	7,451,545.08	32,106,981.47
Appropriation of net profit for the year	0.00	0.00	7,451,545.08	-7,451,545.08	0.00
As of December 31, 2017	**5,000,000.00**	**25,685,567.57**	**7,504,483.90**	**0.00**	**38,190,051.47**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1, 2017, to December 31, 2017

	Cash flows from operating activities
	EBIT
+	Depreciation and amortization expense on non-current assets
+/-	Changes from impairment at fair value
-/+	Increase/decrease in trade receivables from third parties
-/+	Increase/decrease in receivables from related parties
-/+	Increase/decrease in other assets not attributable to investing or financing activities
+/-	Increase/decrease in trade payables to third parties
+/-	Increase/decrease in liabilities to affiliated companies
+/-	Increase/decrease in other liabilities not attributable to investing or financing activities
-/+	Taxes paid/received
-/+	Interest paid/received
	Cash flows from investing activities
-	Payments for investments in property, plant, and equipment
	Cash and cash equivalents at the end of the period
	Change in cash and cash equivalents
	Cash and cash equivalents on January 1
=	Cash and cash equivalents at the end of the period
	Composition of cash and cash equivalents at the end of the financial year
	Cash and cash equivalents
	Cash and cash equivalents at the end of the period

	January 1 to December 31, **2017**	January 1 to December 31, **2016**
Note	EUR	EUR
6		
	10,887,741.90	207,858.78
	17,944.06	16,818.63
	24,655,436.39	515,540.41
	-54,805.58	175,151.88
	-102,201.90	7,499.81
	-39,396,443.87	-877,672.63
	147,440.39	7,467.94
	-36,884.68	31,657.26
	14,006,948.19	302,415.31
	-3,436,000.82	-93,696.30
	-196.00	-10.92
	6,688,978.08	**293,030.17**
6	-108,537.06	-3,175.63
	6,580,441.02	289,854.54
	765,112.03	475,257.49
	7,345,553.05	765,112.03
	7,345,553.05	**765,112.03**
	7,345,553.05	**765,112.03**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BITCOIN GROUP SE

1.1 GENERAL INFORMATION

The purpose of the company is the development and operation of innovative business concepts and technologies with growth potential, in particular, the development and operation of marketplaces on the Internet for the purchase and sale of cryptocurrencies in addition to the development and marketing of Blockchain technologies. In addition to Bitcoin (BTC), Bitcoin Cash (BCH), Bitcoin Gold (BTG), and Ethereum (ETH) can also be traded on these marketplaces.

The parent company of the Bitcoin Group SE Group is domiciled at Nordstrasse 14, 32051 Herford (Germany) and is entered in Commercial Register B of the Bad Oeynhausen Local Court under HRB 14745. In turn, Bitcoin Group SE is a 77.16% subsidiary of Priority AG, Herford. There is no control agreement.

The consolidated financial statements are prepared in the currency euro (EUR), which is also the functional and the reporting currency. Unless stated otherwise, amounts are shown in the financial statements in euro. For arithmetical reasons, rounded figures shown in tables and references in the text can differ from the exact mathematical values (monetary units, percentages, etc.).

The financial year of the Group began on January 1, 2017, and ended on December 31, 2017.

1.2 CONSOLIDATED GROUP

The consolidated financial statements include the subsidiaries whose financial and operating policies Bitcoin Group SE can direct. This is usually the case given a shareholding of more than 50%, as shares are equal to voting rights. If contractual provisions stipulate that a company can be controlled despite a shareholding of less than 50%, this company is included in the consolidated financial statements as a subsidiary. If contractual provisions stipulate that a company cannot be controlled despite a shareholding of more than 50%, this company is not included in the consolidated financial statements as a subsidiary.

As the parent company, Bitcoin Group SE held 100% of shares in Bitcoin Deutschland AG, Herford, as of December 31, 2016, and December 31, 2017. The company is consolidated. Based on the annual financial statements prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) as of December 31, 2017, the company's equity amounts to EUR 8,571 thousand and its subscribed capital to EUR 50 thousand, while the net profit for the 2017 financial year amounts to EUR 7,694 thousand.

On October 24, 2014, the majority shareholder Priority AG transferred shares in Bitcoin Deutschland AG to Bitcoin Group SE by way of non-cash contribution against subscription of 4,700,000 new shares, each representing EUR 1 of the company's share capital. The capital increase became effective retrospectively on entry in the commercial register on September 28, 2015

1.3 PRINCIPLES OF CONSOLIDATION

In the event of a business combination, acquisition accounting is performed by offsetting the acquisition cost against the Group's share in the remeasured equity of the consolidated subsidiaries as of the time of the acquisition of the shares in accordance with IFRS 3. The recognizable assets, liabilities and contingent liabilities of subsidiaries are carried at their full fair value regardless of the amount of the non-controlling interest. For each acquisition, there is an option that can be exercised separately as to whether non-controlling interests are measured at fair value or at the amount of the pro rata net assets. Incidental costs of acquisition are expensed. Positive differences arising on first-time consolidation are recognized as goodwill. In accordance with IFRS 3/IAS 36, this goodwill is tested for impairment annually or when there is a trigger event. The residual carrying amounts of positive differences are taken into account in calculating the result of disposal on deconsolidation.

Changes in the shareholding that do not lead to a loss of control are treated as transactions between shareholders in equity. These transactions do not lead to any recognition of goodwill or the realization of gains on disposal. In the event of sales of shares that lead to a loss of control, the remaining shares are remeasured at fair value through profit and loss and the cumulative other comprehensive income relating to the investment recognized in in the income statement is recognized in retained earnings, if these are actuarial gains/losses.

Losses attributable to non-controlling interests are allocated to them in full, even if this results in a negative carrying amount.

If an enterprise acquired does not constitute a business as defined by IFRS 3, the transaction is recognized as an acquisition of assets and assumption of liabilities at cost, without taking goodwill into account.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 GENERAL INFORMATION

PRINCIPLES OF ACCOUNTING

The consolidated financial statements of Bitcoin Group SE were prepared in accordance with the provisions of the International Accounting Standards Board (IASB) and section 315a HGB; the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC and SIC) were complied with. All International Financial Reporting Standards (IFRSs) that have been endorsed by the EU and that were effective at the end of the reporting period were taken into account.

The Director of Bitcoin Group SE approved the consolidated financial statements and the Group management report on March 29, 2018.

To improve clarity, various items in the statement of financial position and the statement of comprehensive income were combined. This is presented in detail in the notes.

In accordance with IAS 1, the statement of financial position is divided into current and non-current items.

The statement of comprehensive income was prepared in line with the nature of expense method.

2.2 APPLIED ACCOUNTING POLICIES

The key accounting policies applied in the preparation of these consolidated financial statements are presented below. Unless stated otherwise, these principles were applied uniformly to all financial years presented.

When preparing the consolidated financial statements, management is required to make estimates and assumptions that influence the reported amount of assets, liabilities, revenue, and expenses, as well as the disclosure of contingent assets and contingent liabilities. In addition, management is also required to apply the accounting principles according to its own judgment. Although these estimates and assumptions are based on the best possible knowledge of events and measures, the results can differ from these estimates. The application of the valid IFRS regulations does not lead to a misleading view of the company's situation

The consolidated financial statements have been prepared in accordance with the historical cost principle. The historical cost is based on the respective value of the consideration given for assets. This is based on the fair value of the consideration.

The fair value is the price that would be paid on the measurement date for the sale of an asset or for the transfer of a liability in a transaction between market participants under normal market conditions, regardless of whether the price is directly observable or is estimated using other measurement methods.

When estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability to the extent that market participants would also consider these characteristics when determining the fair value of the asset or the liability on the measurement date. Fair value is calculated on this basis for the purpose of measurement or inclusion in the financial statements; an exception to this is share-based payment transactions in accordance with IFRS 2, leases in accordance with IAS 17 and items measured at net realizable value in accordance with IAS 2 or value in use in accordance with IAS 36, whereby these values are similar to but not the same as fair value. The measurement of fair value for financial reporting purposes in accordance with IFRS 13 is divided into level 1, level 2, and level 3, depending on the observability of the input used in the measurement of the respective fair value and the significance of these inputs to the measurement of fair value as a whole. This measurement hierarchy is described as follows:

- Level 1 inputs include quoted (unadjusted) prices on active markets for identical assets or liabilities to which the company has access on the measurement date.
- Level 2 inputs include information sources other than quoted prices covered by level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 inputs include unobservable inputs relating to the asset or liability.

The income statement contained in the statement of comprehensive income was prepared in line with the nature of expense method.

2.3 NEW IASB ACCOUNTING STANDARDS

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) as adopted by the European Union. They take into account all accounting standards and interpretations effective in the EU.

Accordingly, these IFRS consolidated financial statements are based on the IASB accounting standards endorsed for the EU in accordance with Regulation (EC) No 1606/2002 in conjunction with section 315a(1) HGB (consolidated financial statements according to international accounting standards) by the EU Commission in the context of the endorsement process. New IFRSs and amendments to IFRSs released by the IASB become effective following a corresponding resolution by the EU Commission in the context of the endorsement process.

The new standards and their application in these IFRS consolidated financial statements of the company are explained below to increase the clarity for users of these financial statements.

Unless stated otherwise, the standards and interpretations – or the amendments to existing standards – are effective for reporting periods beginning on or after the date of first-time adoption. No standards or interpretations were adopted early.

The following new standards, interpretations, and amendments to IFRSs were effective for the first time for the reporting period 2017.

Amendment to IAS 12: Recognition of deferred tax assets for unrealized losses. The amendment clarifies that an entity must take into account whether tax laws restrict the sources of future taxable profits against which it can utilize deductible temporary differences. In addition, the amendment provides guidance on how an entity must determine future taxable income and explains the circumstances under which future taxable income can include amounts from the realization of assets beyond their carrying amount. This amendment has no significant effect on the consolidated financial statements.

Amendments to IAS 7: Disclosure initiative. The amendment to IAS 7 Cash Flow Statements is part of the IASB's disclosure initiative and requires entities to make disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Entities do not have to provide comparative information for previous reporting periods on first-time adoption of the amendments. There are no material changes for the Group as a result of the application of the amendments.

The following new standards or interpretations issued or amended by the IASB, which were not yet effective for these financial statements, were not voluntarily applied early; in some cases, EU endorsement is still pending:

Annual Improvements to IFRSs (2014 to 2016). The annual improvements project made changes to three standards. These were IFRS 1, IFRS 12 and IAS 28. These amendments have no significant effect on the consolidated financial statements.

IFRS 9: Financial Instruments. This standard supersedes all earlier versions of IAS 39 on the classification and measurement of financial assets and liabilities and accounting for hedging instruments. This new version of the standard contains revised guidance on the classification and valuation of financial instruments, including a new model for expected credit losses for calculating impairment on financial assets and the new general hedge accounting model. It also includes the guidance from IAS 39 on the recognition and derecognition of financial instruments. The company will apply IFRS 9 for the first time for the financial year starting January 1, 2018; the adjustment of prior-year figures will be waived in accordance with the transitional provisions of IFRS 9. Bitcoin Group SE is currently analyzing the effects on the consolidated financial statements. However, the Group does not expect a significant impact on its statement of financial position or equity when it adopts the classification and measurement provisions.

IFRS 15: Revenue from Contracts with Customers. IFRS 15 introduces a five-step model for the recognition of revenue from contracts with customers. In accordance with IFRS 15, revenue is recognized in the amount of the consideration that a company can expect in return for the transfer of goods or services to a customer (the transaction price as defined by IFRS 15). The new standard replaces all existing guidance on the recognition of revenue, including IAS 18: Revenue, IAS 11: Construction Contracts, and IFRIC 13: Customer Loyalty Programs. Either full retrospective application or modified retrospective application is required for reporting periods beginning on or after January 1, 2018. Early adoption is permitted. Bitcoin Group SE has decided against early adoption and will apply the modified retrospective method.

Bitcoin Group SE is currently analyzing the effects on the consolidated financial statements but does not expect any significant impact on the consolidated financial statements beyond considerably more extensive notes with regard to the type, amount, timing and uncertainty of the revenue and cash flows from contracts with customers.

The following standards and interpretations published by the IASB have not yet been adopted by the EU.

New standards		**Effective for financial years beginning on or after this date:**	**Status of EU endorsement (December 31, 2017)**
Amendments to IFRS 10 and IFRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date of initial adoption postponed indefinitely	Pending
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018	Pending
Annual Improvements to IFRS	Cycle 2014-2016	January 1, 2018	Pending
Amendments to IAS 40	Transfers from Investment Property	January 1, 2018	Pending
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	Pending
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2018	Pending

Bitcoin Group SE does not anticipate any significant impact on the consolidated financial statements from these amendments.

3. ACCOUNTING POLICIES

The consolidated financial statements are based on the same uniform accounting policies as for the 2016 and 2017 financial years.

3.1 CURRENCY TRANSLATION

Transactions in foreign currencies are translated according to the functional currency concept in accordance with IAS 21 at the rates at the time of the initial posting of transactions. Exchange rate gains and losses are recognized in profit or loss.

3.2 INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT

Intangible assets include purchased software.

Purchased intangible assets are carried at cost less straight-line amortization given a standard useful life or according to use assuming a standard useful life. They are only capitalized if it is sufficiently likely that the economic benefits will flow to the company and the cost of the asset can be reliably determined.

The following criteria are mainly considered when estimating the useful life:

- expected use of the asset in the company,
- publicly available information on the estimated useful life of comparable assets,
- technical, technological, and other forms of obsolescence.

The amortization period for purchased software is three years.

Bitcoin Group SE acquired two domains with an acquisition cost of EUR 58 thousand in the 2017 financial year. Their useful life is thought to be unlimited, and therefore they are not amortized.

Property, plant, and equipment are measured at cost less straight-line depreciation and impairment. Property, plant, and equipment are depreciated using the straight-line method over their useful life. The depreciation period is based on the expected useful life. The Group recognizes depreciation based on the following useful lives that are unchanged compared to the previous year:

Other equipment	**Useful life in years**
Operating and office equipment	2 to 5

The residual carrying amounts and useful lives are reviewed at the end of each reporting period and adjusted as necessary.

3.3 GOODWILL

Goodwill is tested for impairment on the basis of cash-generating units in accordance with IAS 36 once per year, or more frequently if there are indications of impairment. The impairment test is based on the value in use of the relevant cash-generating unit. The basis for this is the current cash flow planning prepared by management and the assumption of perpetual annuity for the years after the detailed planning period. Detailed planning of future cash flows based on cash flow before interest and taxes less maintenance and replacement investments is prepared for a time horizon of three years. The cash flows calculated are discounted to determine the value in use of the cash-generating unit. The value in use is compared against the associated carrying amount. If this is less than the carrying amount of the cash-generating unit, goodwill impairment is recognized in profit or loss.

3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents recognized in the statement of financial position comprise cash in hand and bank balances with an original term of less than three months. For the purposes of the statement of cash flows, cash includes the cash and cash equivalents as defined above and short-term deposits. They are measured at amortized cost.

3.5 FINANCIAL INSTRUMENTS

Financial assets within the meaning of IAS 39 are classified as financial assets measured at fair value through profit or loss, loans, and receivables, held-to-maturity financial investments or available-for-sale financial investments. Financial assets are measured at fair value on first-time recognition.

Financial assets are assigned to the measurement categories on first-time recognition.

Purchases and sales of financial assets are recognized as of the settlement date, i.e., the date on which the company commits to purchasing or selling the asset.

Financial assets are derecognized when the contractual rights to cash flows from them expire or if the company transfers the ownership rights to the financial asset and the risks and rewards. When a financial asset is derecognized, the difference between the carrying amount of the asset and the sum of the consideration received or outstanding and the cumulative gain or loss recognized in other comprehensive income are reclassified to the income statement.

Financial assets at fair value through profit or loss

The group of financial assets at fair value through profit and loss includes financial assets and liabilities held for trading classified as at fair value on first-time recognition.

Financial assets are classified as held for trading if they are acquired with a view to subsequent disposal in the near future. Gains and losses from financial assets held for trading are recognized in profit or loss.

Primary financial instruments were not classified as held for trading either in the reporting year or the previous year.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets designated as available for sale on first-time recognition. Available-for-sale financial assets are carried at fair value in the statement of financial position. Changes in their fair value are reported directly in equity under “Other comprehensive income”. These include the cryptocurrencies held and traded by the company, namely Bitcoin (BTC), Bitcoin Cash (BCH), Bitcoin Gold (BTG), and Ethereum (ETH).

Loans and receivables

Trade receivables, loans, and other receivables with fixed or determinable payments that are not quoted on an active market are measured at amortized cost using the effective interest method less any impairment, except for short-term receivables as the interest effect would be insignificant. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or become impaired.

Derivatives

The Group had no derivative financial instruments in either the reporting year or the previous year.

3.6 EQUITY

Please see the statement of changes in equity and the notes to the statement of financial position for information on the composition and development of equity. Please see note 4.3 for further information.

3.7 LIABILITIES

The company measures other financial liabilities such as trade payables and other liabilities (not including deferred items or tax liabilities) at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and the recognition of interest expense over the corresponding period. The effective interest rate is the rate with which the estimated future cash outflows (including fees paid or received as components of the effective interest rate, transaction costs, and other premiums or discounts) are discounted to net carrying amount over the likely term of the financial liability on first-time recognition. Interest expense is recognized on the basis of the effective interest rate.

The company derecognizes financial liabilities when its obligations from the liability are met, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or outstanding is reported in the income statement.

The company has not issued any debt securities or equity instruments.

3.8 PROVISIONS

Provisions are recognized in accordance with IAS 37 regulations when the company has present obligations arising from past events that are expected to result in an outflow of economic resources. It must also be possible to estimate the amount of the obligation reliably. The provision is recognized at the best estimate of the amount of the present obligation as of the end of the reporting period. If the effect of the time value of money is material, the provision is discounted using the market interest rate.

3.9 REVENUE RECOGNITION

Revenue is recognized in accordance with IAS 18. Revenue is measured at the fair value of the consideration received or yet to be received for services by Group companies in the normal course of business.

Revenue is reported without VAT, discounts, or price reductions. Revenue and other operating income are recognized after service is rendered by the company. In order to recognize revenue, it must be possible to reliably determine its amount, and it must be probable that the economic benefits associated with the transaction will flow to the company.

Depending on the economic substance of the underlying contracts, revenue from commission and licenses is either recognized immediately or deferred and recognized pro rata temporis if there is a contractual obligation to provide further services.

Interest income from a financial asset is recognized when it is probable that the economic benefits from the principal amount outstanding and the effective interest rate applied will be available to the company on time. The effective interest rate is the rate with which the estimated future cash flows are discounted to the net carrying amount of the financial asset over its expected term.

3.10 LEASES

In accordance with IAS 17.7 et seq., a lease is classified as a financial lease if the terms of the lease contract essentially transfer the risks and rewards of the leased asset to the lessee. All other leases are classified as operating leases. The Group was not party to any finance leases in the reporting year or the previous year. There were no agreements that would have been classified as operating leases in accordance with IAS 17.7 et seq. in either the reporting year or the previous years

3.11 INCOME TAXES AND DEFERRED TAXES

Income taxes are calculated in accordance with IAS 12. All tax liabilities and receivables in relation to income taxes arising in the course of the financial year are, therefore, included in the consolidated financial statements.

Deferred taxes are recognized on the basis of the asset and liability method when future tax effects are to be expected which are due either to temporary differences between the IFRS carrying amounts of existing assets and liabilities and their tax carrying amounts or to existing loss carryforwards and tax credit. Deferred tax assets must be tested for impairment in each financial year. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply to taxable income in the years in which these temporary differences are reversed or offset based on current tax legislation. The effect of changes in tax rates on deferred tax assets and liabilities is reported in profit or loss in the period in which the amendments are resolved by lawmakers or in the period to which a legal amendment already resolved is set to apply.

3.12 BUSINESS SEGMENTS

A business segment is a part of a company that performs business activities with which income is generated and from which expenses are incurred, including income and expenses in relation to transactions with another part of the company.

The results of a business segment are regularly reviewed by the enterprise's chief operating decision maker on the basis of the independent financial information available to make decisions about the resources to be allocated to the segment and to assess its performance.

The Group has only one business segment. There is, therefore, no separate presentation of information for different segments.

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 NON-CURRENT ASSETS

4.1.1 INTANGIBLE ASSETS, GOODWILL, AND PROPERTY, PLANT, AND EQUIPMENT

	Intangible assets	Goodwill	Property, plant, and equipment	Total
	EUR	EUR	EUR	EUR
Acquisition costs				
As of January 1, 2017	3,495.57	3,882,225.95	74,514.89	3,960,236.41
Additions	57,620.00	0.00	50,918.06	108,537.06
Disposals	0.00	0.00	-1,874.25	0.00
As of December 31, 2017	61,115.57	3,882,225.95	123,558.70	4,068,773.47
Depreciation and amortization				
As of January 1, 2017	1,784.00	0.00	51,528.89	53,312.89
Additions	0.00	0.00	17,944.06	17,944.06
Disposals	0.00	0.00	-1,873.25	0.00
As of December 31, 2017	1,784.00	0.00	67,599.70	71,256.95
Carrying amounts				
As of January 1, 2017	1,711.57	3,882,225.95	22,986.00	3,906,923.52
As of December 31, 2017	59,331.57	3,882,225.95	55,959.00	3,997,516.52

Acquisition costs				
As of January 1, 2016	3,495.57	3,882,225.95	71,339.26	3,957,060.78
Additions	0.00	0.00	3,175.63	3,175.63
Disposals	0.00	0.00	0.00	0.00
As of December 31, 2016	3,495.57	3,882,225.95	74,514.89	3,960,236.41
Depreciation and amortization				
As of January 1, 2016	1,686.00	0.00	34,808.26	36,494.26
Additions	98.00	0.00	16,720.63	16,818.63
Disposals	0.00	0.00	0.00	0.00
As of December 31, 2016	1,784.00	0.00	51,528.89	53,312.89
Carrying amounts				
As of January 1, 2016	1,809.57	3,882,225.95	36,531.00	3,920,566.52
As of December 31, 2016	1,711.57	3,882,225.95	22,986.00	3,906,923.52

Goodwill

The goodwill results as a positive difference from the first-time consolidation of Bitcoin Deutschland AG on October 24, 2014.

In the context of impairment testing, goodwill was assigned to the cash-generating unit which is identical to the subsidiary of Bitcoin Deutschland AG. The recoverable amount for the subsidiary (cash-generating unit) is determined on the basis of the value in use calculated using cash flow forecasts based on financial planning approved by the company's management for a period of three years. The risk-free interest rate of the cash-generating units of 7.73% (2016: 7.72%) is based on the weighted average cost of capital (WACC) after company taxes. As in the previous year, this is calculated on the basis of capital asset pricing model (CAPM) using current market expectations. Specific peer group information for beta factors, capital structure data, and debt cost rates was used to calculate the risk-free interest rates for the purposes of impairment testing. The terminal value is used for periods not included in planning. Cash flows after the three-year period are assumed to grow at a constant rate of 1% (2016: 1%).

Basic assumptions in the calculation of value in use

The basic assumptions used by the company's management in its cash flow forecasts for testing goodwill for impairment are described below.

The following assumptions used to calculate the value in use of the cash-generating unit are subject to estimation uncertainty:

Three-year business plan – The business plan was prepared by the company's management on the basis of estimates of future business performance. These estimates were based on past experience.

Discount rates – The discount rates reflect estimates by the company's management regarding the specific risks to be attributable to the cash-generating unit. A basic interest rate of 1.25% (2016: 1.00%) and a risk premium of 6.75% (2016: 6.72%) were used to calculate the appropriate discount rates for the cash-generating unit. A growth discount of 1% is assumed for perpetual annuity (2016: 1%).

Sensitivity of assumptions

The values in use calculated significantly exceeded the carrying amounts of the cash-generating units. The company's management is of the opinion that no change that could reasonably be made to the basic assumptions used to determine the value in use of the cash-generating unit could lead to the carrying amount of the cash-generating unit exceeding its recoverable amount.

4.2 CURRENT ASSETS

4.2.1 TRADE RECEIVABLES FROM THIRD PARTIES

All trade receivables (2017: EUR 70 thousand; 2016: EUR 15 thousand) have a remaining term of up to one year in 2017 and the previous years.

The Group did not receive any collateral for trade receivables in 2017 or the comparative periods of 2016. As of the end of the reporting period, there were no indications that the receivables might not be settled on maturity.

The maximum credit risk of the receivables is the carrying amount of the receivables. There are no receivables past due.

4.2.2 OTHER FINANCIAL ASSETS (RECEIVABLES FROM RELATED PARTIES)

Other financial assets amount to EUR 102 thousand as of December 31, 2017 (2016: EUR 0 thousand).

The receivables from the affiliated company Bitpayment GmbH, Herford, reported in the financial year relate to services performed by the company. They have a remaining term of less than one year. The figures recognized for all receivables from affiliated companies are equal to their fair value. They are neither impaired nor past due.

The maximum credit risk of the receivables from related parties is the carrying amount of the receivables.

4.2.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item includes the cryptocurrencies BTC, BTG, BCH, and ETH held by the company. Details of the methods used to calculate the fair values can be found in the description of accounting policies. Cryptocurrencies are measured at their respective market price as of December 31, 2017 (level 1 of the measurement hierarchy).

The fair values and carrying amounts are as follows as of the end of the respective reporting periods.

	December 31, 2017		December 31, 2016	
All figures in EUR thousand	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
BTC	37,140	2,821	2,035	563
BCH	2,475	1,111	0	0
ETH	1,164	857	0	0
BTG	704	0	0	0
	41,483	**4,789**	**2,035**	**563**

4.2.4 OTHER NON-FINANCIAL ASSETS (CURRENT)

As of the end of 2017, this item mainly includes input tax amounts of EUR 27 thousand (2016: EUR 12 thousand) that cannot be claimed until next year.

4.2.5 CASH AND CASH EQUIVALENTS

The item exclusively contains bank balances; there was no restricted cash in the 2017 financial year or the comparative period.

4.2.6 INCOME TAX ASSETS

This item included corporation tax and trade tax assets in the previous year.

4.3 EQUITY

The issued capital of Bitcoin Group SE is the fully paid-in share capital of EUR 5,000,000. The share capital is divided into 5,000,000 bearer shares. The share capital of EUR 300,000 was increased to EUR 5,000,000 by way of the contribution of Bitcoin Deutschland AG shares as of October 24, 2014. The majority shareholder Priority AG transferred shares in Bitcoin Deutschland AG by way of non-cash contribution against subscription of 4,700,000 new shares, each representing EUR 1 of the company's share capital. All shares have the same rights.

The effects of the revaluation of assets held for sale (cryptocurrencies) are reported in other comprehensive income as unrealized gains or losses (2017: EUR 25,686 thousand; 2016: EUR 1,030 thousand).

The development of equity is shown in the statement of changes in equity.

The Board of Directors is authorized to increase the share capital by up to EUR 500,000 against cash or non-cash contributions by issuing new no-par value bearer shares until November 18, 2019 (Authorized Capital).

4.4 LIABILITIES

4.4.1 OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities essentially comprise liabilities for outstanding invoices of EUR 90 thousand (2016: EUR 79 thousand), liabilities to staff of EUR 90 thousand (2016: EUR 30 thousand), audit and consulting liabilities of EUR 56 thousand (2016: EUR 41 thousand), VAT liabilities of EUR 41 thousand (2016: EUR 12 thousand) and wage and church tax liabilities, including social security contributions, of EUR 18 thousand (2016: EUR 6 thousand).

4.4.2 TRADE PAYABLES TO THIRD PARTIES

Trade payables do not bear interest and generally mature between 30 and 90 days.

4.4.3 OTHER FINANCIAL LIABILITIES (LIABILITIES TO RELATED PARTIES)

There were liabilities to Priority AG and Softjury GmbH of EUR 37 thousand as of December 31, 2016 (EUR 0 thousand).

4.4.4 INCOME TAX LIABILITIES

Income tax liabilities relate to corporation tax and trade tax.

4.4.5 DEFERRED TAX LIABILITIES

Deferred tax liabilities were recognized for the revaluation of cryptocurrencies. The effect is shown in equity in the amount of EUR 11,008 thousand (2016: EUR 441 thousand). Deferred taxes on valuation adjustments were calculated using the tax rates applicable in Germany. As all matters in connection with deferred taxes arose in Germany, an average tax rate of 30% is assumed for the financial year. The reconciliation of taxes has not been shown as the deferred taxes are exclusively reported in equity under other comprehensive income.

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.1 REVENUE

The Bitcoin Group generates its revenue from consulting and brokerage services for cryptocurrency transactions.

Further information on revenue recognition can be found in note 3.9 above.

All revenue was generated in Germany.

5.2 OTHER OPERATING INCOME

Other operating income relates to the offsetting of employee's non-cash remuneration.

5.3 COST OF MATERIALS

The cost of materials essentially relates to external services provided by Fidor Bank AG, Munich.

5.4 COST OF STAFF

The following table shows the composition and development of staff costs:

All figures in EUR	**2017**	**2016**
Wages and salaries	593,664	396,222
Social security contributions	91,873	69,187
Total	**685,537**	**465,409**

Social security contributions in the reporting year comprise statutory and voluntary social security expenses and employer's liability insurance contributions.

The following table shows the number of employees at the company:

Average number of employees	**2017**	**2016**
Employees	9	8
of which senior employees	1	1

5.5 DEPRECIATION AND AMORTIZATION

The amortization of intangible assets and depreciation of property, plant, and equipment are shown in the company's statement of changes in non-current assets.

5.6 OTHER OPERATING EXPENSES

Other operating expenses essentially consist of legal, auditing and consulting costs, including accounting costs, (2017: EUR 183 thousand; 2016: EUR 114 thousand) and other purchased services (2017: EUR 178 thousand; 2016: EUR 56 thousand). Furthermore, this items includes advertising costs (2017: EUR 144 thousand; 2016: EUR 3 thousand), network fees (2017: EUR 128 thousand; 2016: EUR 0 thousand), postage/telephone costs (2017: EUR 52 thousand; 2016: EUR 16 thousand) and incidental transaction costs (2017: EUR 61 thousand; 2016: EUR 7 thousand).

5.7 INCOME TAXES

The income tax expense amounts to EUR 3,436 thousand in 2017. A tax expense of EUR 94 thousand was incurred in 2016.

6. STATEMENT OF CASH FLOWS

The statement of cash flows breaks down the cash flows according to inflows and outflows from operating, investing, and financing activities, regardless of the structure of the statement of financial position. Cash flow from operating activities is derived indirectly from earnings before interest and taxes. Earnings before taxes are adjusted for non-cash expenses (essentially depreciation and amortization) and income. The cash flow from operating activities results taking into account the changes in working capital.

The "Cash and cash equivalents" items consists of cash and cash equivalents.

Interest paid amounts to EUR 0.00 (2016: EUR 10.92).

7. RELATED PARTY DISCLOSURES

Server hosting services in the amount of EUR 32 thousand (2016: EUR 23 thousand) were purchased from softjury GmbH, a subsidiary of Priority AG, in 2017. Movable assets were rented from Priority AG in the amount of EUR 5 thousand, accounting services were purchased in the amount of EUR 7 thousand, and two domains were acquired for EUR 58 thousand. Services amounting to EUR 3 thousand were purchased from Coupling Media GmbH, a subsidiary of Priority AG.

8. KEY CONTRACTS OF THE GROUP

Agreement with Fidor Bank AG on investment/contract broking bound by contract dated June 28, 2013

Fidor Bank AG, Munich, provides the Group's subsidiary Bitcoin Deutschland AG with the opportunity to sell or buy bitcoins to or from other customers on its own Internet platform www.bitcoin.de ("broking activities"). It is the legal opinion of the German Federal Financial Supervisory Authority (BaFin) that bitcoins are financial instruments in the form of units of account as defined by section 1(11) sentence 1 of the Kreditwesengesetz (KWG – German Banking Act). The services performed by the broker in accordance with the above are, therefore, considered a financial service for which a permit is required in the form of contract broking (section 1(1a) sentence 2 no. 1 KWG) or investment broking (section 1(1a) sentence 2 no. 2 KWG).

The subsidiary does not yet have this permit.

Bitcoin Deutschland AG receives the commission owed by customers in the form of bitcoins or other cryptocurrencies on behalf of Fidor Bank AG. As consideration for the services contractually owed by Fidor, Fidor Bank AG receives monthly flat-rate remuneration from the Group which is reported here under "Cost of materials". The Group receives 100% of the commission received for the transactions brokered from Fidor Bank AG

9. CLASSIFICATION OF FINANCIAL INSTRUMENTS AND FAIR VALUE

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Given the short terms of trade receivables, receivables from related parties, other current receivables, and cash and cash equivalents, it is assumed that the fair values are approximately equal to the carrying amounts.

There were no receivables with remaining terms of more than one year in either the reporting year or the previous year.

10. MANAGEMENT OF THE RISKS OF FINANCIAL INSTRUMENTS

The financial instruments in the Group essentially include units of account (BTC, BCH, BTG, and ETH), receivables, liabilities, and bank balances.

Risks refer to unexpected events and possible developments that have a negative impact on the achievement of planned objectives. Risks that have a high potential impact on the achievement of the company's objectives in terms of its financial position, net assets and results of operations are particularly important.

The Group has a solvent customer base. So far there have been no bad debts thanks to advance payment regulations. Liabilities are paid within the agreed periods. The objective of the Group's financial and risk management is to protect the company against financial risks of all kinds. The company employs a conservative risk policy in the management of its financial positions. The company has adequate receivables management to minimize the risks of default.

Significant effects can be expected, for example, from a change in the exchange rate of cryptocurrencies. If the price of bitcoins were to increase by EUR 1, the holdings as of December 31, 2017, would increase by EUR 3,322 (December 31, 2016: EUR 2,238). A rise in Bitcoin Cash of EUR 1 would lead to an increase of EUR 1,243, a rise in Bitcoin Gold of EUR 1 to an increase of EUR 3,229 and appreciation of EUR 1 by Ethereum to an increase of EUR 1,899. A default of 5%, based on December 31, 2017, would have an earnings effect of EUR 3,480 (December 31, 2016: EUR 739).

Risk of default

The risk of default is the risk of a full or partial default by a partner. The maximum default risk to the Group of an item is its capitalized amount and, thus, its carrying amount.

If individual default risks are discernible for individual items, these are recognized as impairment losses. There were no discernible risks of default for the reporting year. No impairment losses were required.

Interest rate risk

The Group sees interest rate risk as the risk of a change in the value of assets or liabilities as a result of the interest rate as a parameter relevant to measurement. The Group has hardly any interest-bearing assets or liabilities. The possible impact of interest rate changes on the Group is, therefore, highly limited.

Liquidity risk

Liquidity risk is the risk of being unable to meet current or future payment obligations, or of only being granted less favorable conditions. The Group companies essentially generate cash and cash equivalents from operating activities.

The probability of significant remaining liquidity risks is considered very low.

Currency risk

In the event of investments outside the euro area, currency fluctuations can have a negative or positive effect on the value of investments. Exchange rates are monitored regularly. The currency risk is classified as immaterial as most investments are made in the euro area.

Market risk

The market risk to the company lies in the falling number of cryptocurrency transactions. Cryptocurrency trading is subject to several risks and uncertainties as cryptocurrencies are still relatively new. Cryptocurrency trading volumes have achieved steady growth over recent years. The Group tracks the trading volume. Any risk is monitored on an ongoing basis.

11. MANAGEMENT OF ECONOMIC CAPITAL

The primary objective of Bitcoin Group SE's capital management is to ensure the financial resources to achieve the company's objectives. The Group's capital structure, and, in particular, its share of debt, is monitored by the Group depending on its financial position, net assets and results of operations. There were no financial liabilities in either the reporting year or the previous year.

12. EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 15, 2018, Bitcoin Group SE achieved an interest in Sineus Financial Services GmbH, Melle, by acquiring 50% of the shares in the company. The purchase price was a low six-figure amount. The transaction is subject to the condition precedent of approval by the relevant regulatory authorities. The deal is expected to close in the first half of 2018. The amount of assets acquired and liabilities assumed at the time of acquisition has not yet been reliably determined as purchase price allocation is still outstanding. Sineus Financial Services GmbH is a financial services institution entered by the Federal Financial Supervisory Authority (BaFin) in the register of independent fee-based investment consultants in accordance with section 93 WpHG, licensed to provide investment brokerage, investment consulting, and contract brokerage services. In the purchase agreement, Bitcoin Group SE secured the right for its subsidiary Bitcoin Deutschland AG to perform investment brokerage services for cryptocurrencies in accordance with section 1(1a) sentence 2 no. 1 KWG if necessary as a contracted agent of Sineus Financial Services GmbH in accordance with section 2(10) KWG.

There have been no further events that would lead to an adjustment of the amounts recognized in the financial statements in accordance with IAS 10.8 et seq. Other events to be disclosed under IAS 10.21 et seq., such as those listed in IAS 10.22 (business combinations, restructuring, equity transactions, extensive legal disputes, etc.), after the end of the reporting period are presented elsewhere (see note 1 above).

13. EXECUTIVE BODIES OF BITCOIN GROUP SE

The management of a European company (SE) can consist of a management board and supervisory board or, as in English-speaking jurisdictions, a board of directors with executive and non-executive managers. Bitcoin Group SE has opted for the second variant.

Directors of the company	December 31, 2017
Managing Director	Michael Nowak

Mr. Michael Nowak, Steinhagen, is entered in the commercial register as the sole Managing Director.

As per his agreement, the Managing Director received remuneration of EUR 94.4 thousand for his activities in the reporting year.

Board of Directors as of December 31, 2017

The following persons were members of the Board of Directors in the past financial year:

- Martin Rubensdörffer (lawyer), Remscheid
- Frank Schäffler (businessman, Member of German Parliament), Bünde (until February 16, 2018)
- Alexander Müller (computer science graduate, Member of German Parliament), Niedernhausen (since February 16, 2018)
- Prof. Rainer Hofmann (university professor), Ludwigshafen

The remuneration of the above members of the Board of Directors amounted to EUR 23.4 thousand in the reporting year.

Board of Directors as of December 31, 2016

- Martin Rubensdörffer (lawyer), Remscheid
- Frank Schäffler (businessman, Member of German Parliament), Bünde
- Frank Roebers (CEO, businessman), Holte-Stukenbrock (until August 29, 2016)

The Annual General Meeting on August 29, 2016, elected Prof. Rainer Hofmann (university professor), Ludwigshafen, to the Board of Directors.

The remuneration of the above members of the Board of Directors amounted to EUR 17 thousand in 2016.

14. FEE FOR SERVICES BY THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS

All figures in EUR thousand	**December 31, 2017**	**December 31, 2016**
Audits of financial statements (separate and consolidated financial statements)	23	23
Tax advisory services	0	0
Other assurance and valuation services	0	0
Other services	0	0
Total	**23**	**23**

15. DECLARATION

BY THE BOARD OF DIRECTORS OF BITCOIN SE IN ACCORDANCE WITH ARTICLE 9(1) C) II) OF THE SE REGULATION IN CONJUNCTION WITH SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of a European company (SE) listed in Germany is legally required in accordance with section 22(6) SEAG in conjunction with section 161 AktG to declare once per year whether the officially published recommendations of the Government Commission for the German Corporate Governance Code (GCGC) applicable at the time of the declaration have been and are complied with. Companies are also required to declare which recommendations of the Code have not been or are not applied and why. The full text of the declaration of compliance by the Board of Directors of Bitcoin SE has been made permanently available on the company's website at www.bitcoingroup.com.

Herford, May 4, 2018

Michael Nowak,

Managing Director

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position, net assets and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Herford, May 4, 2018

Michael Nowak,
Managing Director

AUDIT OPINION

To Bitcoin Group SE, Herford:

We have audited the consolidated financial statements prepared by Bitcoin Group SE, Herford, comprising the consolidated statement of financial position, the consolidated income statement, the statement of changes in consolidated equity, the consolidated statement of cash flows, and the notes to the consolidated financial statements, together with the Group management report for the financial year from January 1, 2017 to December 31, 2017. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a(1) HGB are the responsibility of the company's officers. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, net assets and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to section 315a(1) HGB and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, satisfies the legal requirements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, May 4, 2018

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Stahl	Abel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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The annual report of Bitcoin Group SE is available on the Internet at www.bitcoingroup.com.

In addition to the employees of Bitcoin Group SE, the following participated in the preparation of this annual report:

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Chairman of the Board of Directors: Martin Rubensdörffer

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