

DDA ETP GmbH  
Frankfurt am Main

Annual financial statements,  
management report and  
auditor's report  
for the financial year from January 1, 2023 to  
December 31, 2023

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**DDA ETP GmbH**, Frankfurt am Main

**Annual financial statements** for the financial year from January 1 to December 31, 2023

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**Balance sheet as at December 31, 2023**

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DDA ETP GmbH, Frankfurt am Main

Annual financial statements for the financial year from January 1 to December 31,  
2023

ASSETS

ES

LIABILITIES

	Euro	31.12.2023 Euro	31.12.2022 Euro		Euro	31.12.2023 Euro	31.12.2022 Euro
<b>A. Current assets</b>				<b>A. Equity</b>			
I. Receivables and other assets				I. Subscribed capital		25.000,00	25.000,00
1. receivables from affiliated companies Company	0,00		750,00	II. Capital reserve		585.885,94	241.487,90
2. Receivables from shareholders	172.985,57		20.058,13	III. Loss carryforward		223.071,71	177.355,71
3. Other assets	<u>8.518.232,54</u>		<u>2.996.549,79</u>	IV. Net loss for the year		167.716,27	45.716,00
		8.691.218,11	3.017.357,92	Total equity		<u>220.097,96</u>	<u>43.416,19</u>
II. cash on hand, balances with the Bundesbank, bank balances and Checks		<u>171.164,80</u>	<u>100.438,39</u>	<b>B. Provisions</b>			
Total current assets		<u>8.862.382,91</u>	<u>3.117.796,31</u>	1. Other provisions		88.990,96	68.200,00
<b>B. Prepaid expenses and deferred charges</b>		3.200,00	3.062,50	<b>C. Liabilities</b>			
				1. Bonds	8.511.039,25		2.993.267,00
				- of which with a remaining term of up to one year EUR 8,511,039.25 (EUR 2,993,267.00)			
				2. Liabilities from deliveries and services	43.964,58		15.975,62
Carry forward		<u>8.865.582,91</u>	<u>3.120.858,81</u>	Carry forward	<u>8.555.003,83</u>	<u>309.088,92</u>	<u>3.009.242,62</u> <u>111.616,19</u>

DDA ETP GmbH, Frankfurt am Main

Annual financial statements for the financial year from January 1 to December 31,  
2023

ASSETS

ES

LIABILITIES

	Euro	31.12.2023 Euro	31.12.2022 Euro		Euro	31.12.2023 Euro	31.12.2022 Euro
Carry forward		8.865.582,91	3.120.858,81	Carry forward		309.088,92	111.616,19
				- of which with a remaining term of up to one year Euro 43,964.58 (Euro 15,975.62)			
				3. Liabilities to affiliated companies			
				- of which with a remaining term of up to one year Euro 1,490.16 (Euro 0,00)		1.490,16	0,00
						8.556.493,99	3.009.242,62
		<b>8.865.582,91</b>	<b>3.120.858,81</b>			<b>8.865.582,91</b>	<b>3.120.858,81</b>

**DDA ETP GmbH**, Frankfurt am Main

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2023

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**Profit and loss account**  
**from January 1, 2023 to December 31, 2023**

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**DDA ETP GmbH**, Frankfurt am Main

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	Financial year Euro	Previous year Euro
1. sales revenue	58.904,17	47.900,44
2. other operating income	63.345,10	247.459,47
3. cost of materials		
a) Expenses for purchased services	116.752,75	96.474,34
4. other operating expenses	173.200,29	161.426,57
5. interest and similar expenses	12,50	0,00
6. taxes on income and earnings	0,00	83.175,00
<b>7. earnings after taxes</b>	<b>167.716,27-</b>	<b>45.716,00-</b>
<b>8. net loss for the year</b>	<b>167.716,27</b>	<b>45.716,00</b>

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**DDA ETP GmbH**, Frankfurt am Main

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**Cash flow statement**  
**from January 1, 2023 to December 31, 2023**

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## Cash flow statement (indirect method) from 01.01.2023 to 31.12.2023

	Financial year (EUR)	Previous year (EUR)
Profit for the period	-167.716,27	-45.716,00
+ Increase in provisions	20.790,96	2.333,27
+/- Other non-cash expenses/income	-43.077,43	-9.756,94
- Increase in other assets not attributable to investing or financing activities	112.420,99	-18.742,34
+ Increase / - decrease in trade payables	27.752,10	-9.043,72
- Income tax income (non-cash)	0,00	-83.175,00
<b>Cash flow from operating activities</b>	<b>-274.671,63</b>	<b>39.733,95</b>
Proceeds from equity injection (JVZ)	344.398,04	0,00
Proceeds from the issue of bonds and the raising of (financial) loans	0,00	588.135,18
Payments from the redemption of bonds and (financial) loans	-1.000,00	589.935,18
<b>Cash flow from financing activities</b>	<b>345.398,04</b>	<b>-1.800,00</b>
Cash-effective changes in cash and cash equivalents (total cash flow)	70.726,41	37.933,95
+ Cash and cash equivalents at the beginning of the period	100.438,39	62.504,44
<b>Cash and cash equivalents at the end of the period</b>	<b>171.164,80</b>	<b>100.438,39</b>



**DDA ETP GmbH**, Frankfurt am Main

**Annual financial statements** for the financial year from January 1 to December 31, 2023

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**Statement of changes  
in equity as at December  
31, 2023**

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DDA ETP GmbH, Frankfurt am Main

Annual financial statements for the financial year from January 1 to December 31, 2023

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### Statement of changes in equity from 01.01.2023 to 31.12.2023

	Subscribed capital	Capital reserve	Loss carryforward	Net loss for the year	Total
	EUR	EUR	EUR	EUR	EUR
Status as of 01.01.2022	25.000,00	241.487,90	-177.355,71	0,00	89.132,19
Profit for the period	0,00	0,00	0,00	-45.716,00	-45.716,00
<b>Balance as at 31.12.2022</b>	<b>25.000,00</b>	<b>241.487,90</b>	<b>-177.355,71</b>	<b>-45.716,00</b>	<b>43.416,19</b>
Status as of 01.01.2023	25.000,00	241.487,90	-177.355,71	-45.716,00	43.416,19
Appropriation of earnings	0,00	0,00	-45.716,00	45.716,00	0,00
Profit for the period	0,00	0,00	0,00	-167.716,27	-167.716,27
Payments into the capital reserve	0,00	344.398,04	0,00	0,00	344.398,04
<b>Balance as at 31.12.2023</b>	<b>25.000,00</b>	<b>585.885,94</b>	<b>-223.071,71</b>	<b>-167.716,27</b>	<b>220.097,96</b>

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**DDA ETP GmbH**, Frankfurt am Main

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**Notes as at December 31, 2023**

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DDA ETP GmbH, Frankfurt am Main

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## General information on the annual financial statements

The annual financial statements of DDA ETP GmbH were prepared in EUR in accordance with the provisions of the German Commercial Code (HGB) and the German Limited Liability Companies Act (GmbHG). The income statement has been prepared using the nature of expense method. The company is a capital market-oriented company in accordance with Section 264d HGB, as it issued securities that are traded on an organized market for the first time in the 2021 financial year. In accordance with Section 267 (3) sentence 2 HGB, it is therefore considered a large corporation regardless of the other size criteria. The company has not set up an audit committee in accordance with Section 324 para. 1 sentence 1 HGB, as it makes use of the exception in Section 324 para. 1 sentence 2 no. 1 HGB. The sole purpose of the company is to manage securities i. The sole purpose of the company is to issue securities within the meaning of Section 2 (1) WpHG that are collateralized by assets.

### Information on the identification of the company according to the register court

Company name according to the register court: DDA ETP GmbH  
Registered office according to the register court: Frankfurt am Main  
Register entry: Commercial register  
Register court: Frankfurt am Main  
Register number: HRB 116980

## Disclosures on accounting and valuation methods

### Accounting and valuation principles

In accordance with Section 252 (1) No. 2 HGB, the company prepares its financial statements on a going concern basis.

**Receivables and other assets (not bitcoins)** are capitalized at nominal value and measured taking into account all identifiable risks.

**Other assets (bitcoins)** for which no valuation units have been formed are bitcoins that the company receives as a management fee for safekeeping. These are recognized at the lower of acquisition cost or fair value. The bitcoins reported here are valued in accordance with the Vinter Bitcoin Reference Index (VBTCUSD for short) and a currency conversion from dollars to euros is carried out at the mean spot exchange rate on the reporting date.

**Cash in hand and bank balances** are recognized at nominal value.

**Other provisions** were formed for contingent liabilities and recognized at the settlement amount required according to prudent business judgment. All recognizable risks were taken into account. The provisions have an expected remaining term of less than one year and are not discounted.

**Liabilities** were recognized at the settlement amount.

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### Valuation unit

A valuation unit was formed between the bonds issued (DDA Physical Bitcoin ETP; ISIN DE000A3GK2N1) and the bitcoins held for this purpose. The type of valuation unit is a micro hedge, as a single underlying transaction is directly hedged by a single hedging transaction of identical amount and timing.

The company used the book-through method to measure the valuation unit. In accordance with IDW RS HFA 35, margin no. 81, the change in value of the valuation unit has been presented without affecting the income statement.

The following balance sheet items were included in the valuation unit:

Valuation units	Amount Euro
Assets (bitcoins held)	8.511.039,25
Liabilities (bonds issued)	8.511.039,25

The formation of the valuation unit covers the risk that the repayment amount of the liability is higher than the carrying amount of the bitcoins, which would otherwise be limited by the historical acquisition costs, due to rising bitcoin prices according to the Vinter Bitcoin Reference Index (VBTCUSD for short) or currency fluctuations between the euro and the dollar. As this is a micro hedge, there is an immediate settlement over time.

Risks totaling EUR 8,511,039.25 were hedged through the valuation unit.

The effects of changes in the Bitcoin exchange rate on the Bitcoin held and the bonds repayable in Bitcoin have a direct offsetting effect. Further information on the hedged risks can be found in the management report.

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### **Deferred taxes**

Since the 2022 financial year, the company has not made use of the option to capitalize deferred tax assets. The tax expense reported in the previous year relates to the reversal of deferred taxes on loss carryforwards.

### **Accounting and valuation methods that differ from the previous year**

In contrast to the previous year, the company has opted for the indirect method for the presentation of the cash flow statement. In contrast to the previous year, the previous year's figures in the cash flow statement are also presented using the indirect method to facilitate comparison.

Until June 30, 2023, the company used the NYSE Bitcoin Index as a cryptocurrency price reference, which was calculated by ICE Data Indices LLC, but was discontinued on July 3, 2023. Since July 1, 2023, the company has used the Vinter Bitcoin Reference Index (VBTCUSD Index) of the index provider Invierno AB ("Vinter") as a cryptocurrency price reference.

The other accounting and valuation methods applied to date were retained in the annual financial statements.

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DDA ETP GmbH, Frankfurt am Main

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## Balance sheet disclosures

### Other assets

Other assets mainly consist of bitcoins received with a value of EUR 8,511,039.25 (previous year: EUR 2,993,267.00), which are pledged for safekeeping as part of the securities business for the issue of bonds. This amount of bitcoins is pledged in full for the bonds issued. Furthermore, bitcoins from management fees in the amount of EUR 7,193.29 (previous year: EUR 2,674.60), which the company received for the management of the exchange-traded product (ETP) in bitcoins, are recognized in other assets as at the balance sheet date.

### Other provisions

Other provisions mainly include provisions for the preparation and audit of the annual financial statements.

### Liabilities

#### Information on loans, receivables and liabilities to shareholders (Section 42 (3) GmbHG)

The following rights and obligations exist vis-à-vis the shareholders:

Facts	2023	2022
	Euro	Euro
Claims	172.985,57	20.058,13

As at 31.12.2023, there are liabilities to the sole shareholder of the parent company

- Deutsche Digital Assets GmbH - in the amount of EUR 1,490.16.

#### Information on residual terms

The amount of liabilities with a remaining term of up to one year is EUR 8,556,493.99 (previous year: EUR 3,009,242.62). This amount mainly comprises bonds (callable with an indefinite residual term) in the amount of EUR 8,511,039.25 (previous year: EUR 2,993,267.00) and trade payables in the amount of EUR 43,964.58 (previous year: EUR 15,975.62).

### Bonds

The bonds in the amount of EUR 8,511,039.25 (previous year: EUR 2,993,267.00) consist of the bonds within the meaning of Section 793 BGB, which were issued as part of the hedging transaction and in the form of bearer bonds for the custody of bitcoins received and, as in the previous year, are not convertible. They are backed by BTC deposited with a custodian (collateral trustee) for safekeeping. These types and forms of collateral are linked to the liabilities recognized in the balance sheet.

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## **Notes to the income statement**

### **Income and expenses of exceptional size and/or significance**

Other operating income totaling EUR 63,345.10 (previous year: EUR 247,459.47) consists of intragroup reimbursements of expenses by the parent company DDA Europe GmbH in the amount of EUR 57,444.40 (previous year: EUR 247,459.47) and income from the reversal of provisions in the amount of EUR 5,900.70 (previous year: EUR 0.00).

### **Expenses and income relating to other periods**

Expenses relating to other periods amounting to EUR 41,392.83 (previous year: EUR 0.00) were recognized in the 2023 financial year. These are reported under other operating expenses and include legal and consulting costs (custody of bitcoins and tax advice) for previous years.

The income from the reversal of provisions in the amount of EUR 5,900.70 (previous year: EUR 0.00) is income relating to other periods.

### **Income and expenses from currency translation**

Expenses from currency translation totaling EUR 23.48 are reported under other operating expenses and result exclusively from currency losses incurred in connection with foreign currency liabilities.

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## **Other information**

### **Members of the Management Board**

Until 05.01.2023: Mr. Lowry, Patrick Alan, Master of Business Administration, resident in Frankfurt, Managing Director (with sole power of representation).

From 06.01.2023: Mr. Poiger, Dominik Josef Walter, Dipl. oec. Wirtschaftswissenschaften, resident in Frankfurt, management (sole representative).

### **Remuneration of the Management Board**

The Management Board did not receive any remuneration from the company in the reporting year.

### **Information on Group companies and related parties**

The parent company, which holds 100% of the shares in the reporting company, is DDA Europe GmbH, based in Frankfurt am Main. The parent company is registered at Frankfurt District Court under the registration number HRB 116742.

The sole shareholder of the parent company is Deutsche Digital Assets GmbH, based in Frankfurt am Main. Deutsche Digital Assets GmbH is registered with the Frankfurt District Court under the registration number HRB 109756.

There are cash pools with related parties that are not granted at standard market conditions (non-interest-bearing).

The assumption of expenses by the parent company is set out in the product prospectus for the DDA Physical Bitcoin ETP.

### **Auditor's fee**

For the past financial year, an expense of EUR 54,099.30 (previous year: EUR 60,000 gross) was recognized in the annual financial statements for the expected total fee for the auditor. Of this amount, EUR 54,099.30 is expected to be attributable to auditing services, EUR 0 to other assurance services, EUR 0 to tax advisory services and EUR 0 to other services.

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**Proposed appropriation of earnings in accordance with Section 285 No. 34 HGB**

It is proposed that the profit for the period be carried forward to new account.

**Supplementary report**

There were no significant events after the reporting date.

**Signature of the management**

Frankfurt am Main, April 23, 2024

A handwritten signature in black ink, appearing to read 'D. Poiger', is written over a dotted line.

Dominik Poiger  
23.04.2024 20:17:54 [UTC+2]

.....  
Poiger, Dominik Josef Walter

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**DDA ETP GmbH**, Frankfurt am Main

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**Management report**  
**from January 1 to December 31, 2023**

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**DDA ETP GmbH**, Frankfurt am Main

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**DDAETPGmbH**

**Management report**

**For the period from January 1 to December 31, 2023**

Basic company information

DDA ETP GmbH ("the Company" or "the Company") is incorporated under the laws of the Federal Republic of Germany and has its registered office at Neue Mainzer Str. 66-68, 60311 Frankfurt am Main. The sole business activity of the Company is the issuance of bonds collateralized by cryptocurrencies and other digital assets. By issuing the bonds, the company intends to meet investor demand for tradable securities.  
through which an investment in cryptocurrencies and other digital assets is made.

DDA ETP GmbH is part of the DDA group of companies, which is an asset manager in the field of cryptoassets. The company is a subsidiary of DDA Europe GmbH, which in turn is a wholly owned subsidiary of Deutsche Digital Assets GmbH.

The company issues collateralized bonds that are fully backed by Bitcoin, a market in which there are already some competitors. The main competitors are: VanEck, 21Shares, ETC Group, CoinShares and WisdomTree.

Since April 15, 2021, the company has issued bonds (the "Bonds", "Securities" or "XBTI", ISIN DE000A3GK2NI, security identification number A3GK2N, Bloomberg ticker XBTI), which were issued on the basis of the securities prospectus approved by the German Federal Financial Supervisory Authority (BaFin). Since then, two follow-up prospectuses have been approved by BaFin (11.05.2022 and 14.12.2023), which ensure the offer of the bonds. These bonds are fully secured bonds under German law, which are fully collateralized by Bitcoin. The bonds have no fixed maturity date. The bonds do not bear interest. Each Bond securitizes the Bondholder's right to demand delivery of Bitcoin from the Company in accordance with the Bondholder's claim in respect of each Bond, expressed by the amount of BTC per Bond ("Cryptocurrency Claim"). In certain circumstances, Bondholders may instead be required to pay a specified cash amount in USD. XBTI was listed on XETRA of Deutsche Börse on May 12, 2021 and the notification process has been completed in several jurisdictions, including Germany, Austria, Italy, Denmark, Finland, Ireland, Luxembourg, the Netherlands, Norway, Spain, Sweden, Cyprus, the Czech Republic, Estonia, France, Greece, Malta, Poland, Portugal, Slovakia and Slovenia ("Passporting"). XBTI is also authorized for distribution in Switzerland.

Should certain events occur, as further described in the terms and conditions of the Bonds, the Company may, at its sole and absolute discretion, decide at any time to call all of the Bonds and redeem them at their mandatory redemption price. Such redemption events include, but are not limited to, the enactment of new laws or regulations requiring the acquisition of licenses in order for the Company to meet its obligations under the Bonds, changes in the tax treatment of Bitcoin or the event that the Company is ordered by a court of competent jurisdiction or otherwise required by law to effect a mandatory redemption. Such a termination will inevitably lead to the repayment of the Bonds for the Bondholders.

As a service company, the company does not conduct any research and development and does not employ any staff of its own. All day-to-day activities associated with the maintenance of the bond

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are provided by Deutsche Digital Assets GmbH on the basis of a service agreement. The company was headquartered in Germany during the reporting period.

## **Report on the economic situation General**

### **economic conditions**

The year 2023 inherited problems from 2022, such as high inflation and the risk of recession in both the US and the Eurozone. Central banks, particularly the US Federal Reserve ("Fed"), have aggressively raised interest rates to combat inflation, creating an uncertain economic climate. The rate hike path of the Federal Reserve and other central banks as well as the inflation environment, wars in Ukraine and the Middle East impacted all risk assets differently: While equities and cryptocurrencies performed positively, bonds were a suffering asset class until the end of Q3 2023. From the third quarter of 2023, the market for cryptocurrencies was dominated by the debate surrounding the approval of a Bitcoin Spot ETF in the US, which was also reflected in the price of Bitcoin. On January 1, 2023, the Bitcoin price stood at approx.

USD 16,500 and closed the year at around USD 42,400, a change of approximately 155%.

The key financial performance indicator for the company is assets under management (defined as coin entitlement multiplied by shares outstanding, multiplied by the daily BTC/USD reference price, the Vinter Bitcoin Reference Index; shares outstanding is the total number of all bonds issued). All other key figures (e.g. revenue) are derived directly or indirectly from the assets under management. There are no non-financial key performance indicators.

### **The earnings position of the company**

The management considers the company's situation to be satisfactory overall after the first three years of operation. In the 2023 financial year, the company generated income of EUR 122 thousand (previous year: EUR 295 thousand), of which EUR 59 thousand (previous year: EUR 48 thousand) is revenue from income from management fees. The remaining EUR 63 thousand (previous year: EUR 247 thousand) is other operating income. Management fees are the company's main source of income and are determined by the amount of assets held and the price of the cryptocurrency Bitcoin. Revenue increased slightly in line with our previous year's forecast. The company had originally assumed a sideways trend in assets under management. Despite a delay in the extension of the securities prospectus, there was an increase in shares outstanding and assets under management. This increase is partly due to the increase in the price of Bitcoin and partly to the increase in the number of shares outstanding.

As at the balance sheet date on December 31, 2023, there were 2,273,000 units (year-end 2022: 1,973,000) of the Bitcoin-backed bond in circulation. This corresponds to an increase of around 15%. The income generated was offset by expenses for purchased services totaling EUR 117 thousand (year-end 2022: EUR 96 thousand) and other operating expenses of EUR 173 thousand (year-end 2022: EUR 161 thousand).

Despite better economic development, the company has not yet reached break-even in 2023. This was forecast by the company. As a result, the company's parent company assumed the costs incurred in connection with the issue of the bonds. As a result, the company received EUR 57 thousand in 2023 (2022: EUR 247 thousand), which accounts for a large part of the other operating income of EUR 63 thousand (2022: EUR 247 thousand).

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**DDA ETP GmbH**, Frankfurt am Main

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### **Financial situation of the company**

The main focus was on the company's solvency and maintaining positive equity. Both were achieved in the reporting period thanks to income and cash contributions from the shareholder.

As at December 31, 2023, the company had cash and cash equivalents in bank accounts in the amount of EUR 171 thousand  
{31.12.2022: EUR 100 THOUSAND).

The company's equity amounted to EUR 220 thousand as at 31.12.2023 {31.12.2022: EUR 43 thousand), consisting of  
from share capital of EUR 25 thousand {31.12.2022: EUR 25 thousand), capital reserves of EUR 586 thousand {31.12.2022: EUR 241 thousand), a loss carried forward of EUR 223 thousand {31.12.2022: EUR 177 thousand) and the realized net loss for the year of EUR 168 thousand {31.12.2022: net loss for the year of EUR 46 thousand). In addition, the shareholder contributed a total of EUR 345 thousand to the capital reserve in 2023, thereby strengthening both the capital and liquidity resources for the company's operations.

Liquidity is analyzed in a cash flow statement. On the reporting date, the company had EUR 71 thousand more cash and cash equivalents than on the previous year's reporting date.

Cash flow from operating activities amounted to EUR -275 thousand in the 2023 financial year {31.12.2022: EUR 40 THOUSAND). This results from a larger loss for the period {2023: EUR -167 thousand, 2022: EUR -46 thousand), which came about due to lower costs being passed on to the parent company. In addition, there is a receivable from the parent company in the amount of EUR 153 thousand {EUR 0 THOUSAND IN 2022). There were also cash expenses of EUR -45 thousand in the 2023 financial year (2022: EUR -10 thousand).

Cash flow from financing activities amounted to EUR 345 thousand in the 2023 financial year {12/31/2022: EUR -2 THOUSAND). This payment by the company into the capital reserve allowed the company to meet its liquidity requirements at all times during the reporting period.  
The company emphasizes that the management fee is paid in Bitcoin and sold in exchange for euros. The sale of the bitcoins generated inflows of EUR 40 thousand {31.12.2022: EUR 39 thousand), which are included in the cash flow from operating activities. In this context, it should be noted that the company received cash inflows of EUR 40 thousand as part of the bond issues that were  
December 31, 2023 have a carrying amount of EUR 8,511 thousand {December 31, 2022: EUR 2,993 thousand), did not receive cash but the equivalent value in cryptocurrencies.

### **Assets**

The company's total assets increased from EUR 3,121 thousand as at December 31, 2022 to EUR 8,866 thousand as at December 31, 2023 as a result of the sharp rise in the price of Bitcoin. It should be emphasized that the number of

"Shares Outstanding" increased by 15% compared to the previous year. This represents a smaller than expected increase. This positive development in shares outstanding is reflected in a corresponding increase in the number of Bitcoin in custody.

Other assets as at December 31, 2023 comprise Bitcoin holdings amounting to EUR 8,518 thousand {December 31, 2022: EUR 2,997 thousand), which are held in custody by the appointed crypto custody company Coinbase Germany GmbH, Kurfürstendamm 12, 10719 Berlin. This is offset by the liability item in the form of Bitcoin-backed bonds in the amount of 2,273,000 units {31.12.2022: 1,973,000 units). The Bitcoin holdings are pledged in full to the holders of the bond.

Overall, the company's earnings, financial and asset situation in the 2023 financial year is assessed as stable. The company was always in a position to meet its payment obligations in the

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financial year 2023. There were no liquidity bottlenecks, off-balance sheet obligations or long-term rental agreements at any time.

### **Forecast, opportunity and risk report Risk report: risks and uncertainties**

The company classifies the main risk groups as follows:

- Business risks
- Regulatory risks
- Operational risks
- Financial risks

#### **Business risks**

Although the company is not exposed to any market risk in connection with covering the bonds with Bitcoin, a strongly negative development and a sustained fall in the price of Bitcoin could have a negative impact on the company. The demand for the bond could decrease significantly if the attractiveness of Bitcoin as an underlying asset decreases. It is also possible that redemptions (to repay the cryptocurrency entitlement of XBTI bonds) will increase. This could lead to a reduction in the Company's assets under management and a decline in the associated income. The company carefully monitors and analyzes deviations of the management fee from the budget and can take timely countermeasures accordingly.

#### **Regulatory risks**

In recent years, numerous large and established banks and asset managers have invested in cryptocurrency companies or invested directly or indirectly in cryptocurrencies via cryptocurrency-backed bonds. This trend appears to be significant and ongoing today. Many financial supervisory authorities are creating regulatory frameworks and thus legal certainty to address the growing interest of the investor community in cryptocurrencies. In particular, regulation within the European Union gives companies in the cryptocurrency sector more planning security than in the past. However, it is difficult to predict how the regulatory outlook and policies relating to cryptocurrencies (both globally and locally) could and will change. A shift towards a generally negative view could lead to a reduction in investor interest and a decline in the Company's corresponding business activities. The Company's aim is to make its products accessible to a wider audience in order to mitigate this risk.

The product structure with its integration into the traditional financial system should make the company more robust against a potentially stricter regulatory environment and enable it to continue offering its services.

#### **Operational risks**

The company has introduced structures and processes to ensure that operational risks are limited and that the assets under management are presented regularly, accurately and verifiably. The company has taken the additional step of appointing an independent administrator to address the increased operational risk associated with cryptocurrencies. As clearing houses such as Clearstream Banking AG do not (yet) recognize Bitcoin as an accepted and supported currency for DVP (Delivery Versus Payment) / RVP (Receive

Versus Payment) processes, the bonds must be transferred between the company and authorized participants free of payment (FOP). The corresponding cryptocurrency transactions are carefully monitored by a special, independent trustee of the company. The same applies to the transfer of bonds from the company's issuing account. In addition, measures have been taken to ensure the security and integrity of these operational processes.

In the unlikely event of a default by the company, the trustee is entitled to sell the assets held by the company (Bitcoin) in order to meet the obligations to the investor(s). The cash proceeds will then be paid out in the order of priority of payments applicable to the products, with the bond investor being first in the order of priority.

As part of its internal control and risk management system, the company has implemented measures to minimize risks in the accounting process and ensure the quality of its financial reporting. These control measures include the implementation of audit routines, structures and processes as well as a clear segregation of duties to ensure the reliable identification, management and containment of risks. The company's service providers conduct regular training sessions to ensure that all employees of the company's service providers are informed about the risks and controls and are able to respond appropriately.

#### **Financial risks**

The business and operating model pursued by DDA ETP GmbH ensures that the company does not have to procure bitcoins or other cryptocurrencies in connection with the issue of the bonds, as the company can only receive cryptocurrency and not fiat currency such as EUR or USD for the issue of bonds. Accordingly, there is no market price risk for the company when procuring Bitcoin.

The company is not responsible for the purchase/sale of the cryptocurrencies backing all issued bonds, but obtains them as part of a standardized creation process.

/Redemption process of Authorized Participants. For operational and reporting purposes, the company and its administrator use a daily cryptocurrency price reference to ensure transparent valuation and value for all authorized participants.

parties involved. Until June 30, 2023, this was the NYSE Bitcoin Index, which was calculated by ICE Data Indices, LLC, but was discontinued on July 3, 2023. Since July 1, 2023, the company has been using the Vinter Bitcoin Reference Index (VBTCUSD Index) of the index provider Invierno AB ("vinter") as a cryptocurrency price reference. The company receives its management fee in Bitcoin. Consequently, the equivalent euro amounts may be affected as a result of Bitcoin price fluctuations. To reduce market price risks, the management fees that the company receives in Bitcoin are converted into euros on a monthly basis.

Due to the same operating model, the company is exposed to very limited counterparty risk, as it must first receive the cryptocurrency, which is deposited with the custodian before the bonds are issued. The same applies to redemptions, as the company must first have received the bonds intended for redemption from the bondholder for redemption before the corresponding redemption of the cryptocurrency (cryptocurrency claim by bond) can take place. In addition, the company only issues the bonds to the above-mentioned authorized participants.



DDA ETP GmbH, Frankfurt am Main

Annual financial statements for the financial year from January 1 to December 31,  
2023

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### Outlook

The company evaluates and assesses potential risks on an ongoing basis using established procedures. At present, no new or developing risks have been identified that could jeopardize the company's operations and economic survival. Although there are economic and geopolitical risks that could have an impact on risk assets such as shares or Bitcoin, there are no identifiable risks that would jeopardize the company's core business. Opportunities may arise in particular from a further increase in the attractiveness of the crypto asset class. In the medium to long term, the company anticipates growing demand from institutional investors for Bitcoin and an increase in assets under management. The company expects assets under management to double by 2024. The company expects to increase revenue to around EUR 150,000, increase shares outstanding by 25% and thus increase Bitcoin under management. In combination with these factors, the company is planning a slightly positive operating result for the full year 2024. This positive forecast is based on the assumption of a positive macroeconomic environment for Bitcoin

{Approval of a Bitcoin ETF by the US regulator SEC, "Halving" in April 2024}.

The forecasts are based on expectations and assumptions which, in addition to opportunities, also include risks and uncertainties that are beyond the company's control, particularly with regard to the behavior of institutional investors and market developments.

DDA ETP GmbH would like to thank all XBTI bondholders for their trust and support over the past year. As of December 31, 2023, the assets under management of DDA ETP GmbH amounted to EUR 8.5 million.

Frankfurt am Main, Germany, April 23, 2024 DDA

ETP GmbH

  
Dominik Poiger (Geschäftsführer)

## Balance sheet oath

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements of DDA ETP GmbH give a true and fair view of the assets, liabilities, financial position and profit or loss of DDA ETP GmbH, and the management report of DDA ETP GmbH includes a fair review of the development and performance of the business and the position of DDA ETP GmbH, together with a description of the principal opportunities and risks associated with the expected development of DDA ETP GmbH.

Frankfurt am Main, April 23, 2024

A handwritten signature in black ink, appearing to read 'D...S Poiger', is positioned above the printed name.

Dominik Poiger

## **OPINION OF THE INDEPENDENT AUDITOR**

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To DDA ETP GmbH, Frankfurt am Main

### **REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

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#### **AUDIT JUDGMENTS**

We have audited the annual financial statements of DDA ETP GmbH, Frankfurt am Main, which comprise the balance sheet as at December 31, 2023 and the income statement for the financial year from January 1, 2023 to December 31, 2023.

January 1, 2023 to December 31, 2023, the statement of changes in equity, the cash flow statement and the notes to the financial statements, including the presentation of the accounting policies.

In addition, we have audited the management report of DDA ETP GmbH for the financial year from January 1, 2023 to December 31, 2023.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company as at December 31, 2023 and of its financial performance for the financial year from January 1, 2023 to December 31, 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

#### **BASIS FOR THE AUDIT OPINIONS**

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") in accordance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT" section of our auditor's report.

described. We are independent of the Company in accordance with the requirements of European and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

## **KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from January 1, 2023 to December 31, 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following matter to be a key audit matter to be communicated in our auditor's report:

### EXISTENCE AND VALUATION OF THE VALUATION UNIT CONSISTING OF BITCOIN AND BOND

#### **Facts of the case**

Other assets mainly include Bitcoin, which is used to back the bearer bond denominated in and secured by Bitcoin (perpetual bitcoin-backed notes with no nominal value, ISIN DE000A3GK2N1). For valuation purposes, the Bitcoin and the bearer notes repayable in Bitcoin are combined into a single valuation unit. Valuation is based on the book-entry method at fair value on the trade date.

The Bitcoin reported under other assets and the bonds reported under liabilities amount to 96% of total assets. Due to the materiality of the Bitcoin included in other assets and the bond for the company's financial position, this is a key audit matter.

Information from DDA ETP GmbH on the bitcoins and the valuation unit formed with the loan can be found in the "Valuation units" and "Other assets" sections of the notes.

### **Auditor reaction**

As part of our audit, we examined the holdings of Bitcoin on the basis of the confirmations from the depositary and on a sample basis by comparing the Bitcoin movements in the wallets with the publicly accessible movements on the blockchain. We also verified that the requirements for the formation of valuation units were met. We compared the price information used by the company to determine the fair values as at the reporting date with publicly available price information and verified the mathematical accuracy of the company's calculation. We also verified that the gross carrying amount method was applied correctly and that the bond reported under liabilities was recognized at the same value.

### **RESPONSIBILITY OF THE LEGAL REPRESENTATIVES FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT**

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting misstatement or fraudulent misrepresentation) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the company's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to address independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS**

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### **REPORT ON THE AUDIT OF THE ELECTRONIC REPRODUCTION OF THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES IN ACCORDANCE WITH SECTION 317 (3A) OF THE GERMAN COMMERCIAL CODE. 3A HGB**

#### **Audit opinion**

We have performed an assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the file "ESEF.03 JA.zip" and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore does not extend to the information contained in these disclosures or any other information contained in the above-mentioned file.

In our opinion, the reproduction of the annual financial statements and the management report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. On this audit opinion and our audit opinions on the accompanying annual financial statements and on the accompanying management report for the financial year from January 1, 2023 to December 31, 2023 contained in the preceding "REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT", we express our opinion. December 31, 2023, we do not express any opinion on the information contained in these disclosures or on any other information contained in the above-mentioned file.

#### **Basis for the audit opinion**

We conducted our audit of the reproduction of the annual financial statements and of the management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and IDW Auditing Standard: Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section.



The "Auditor's Guidelines for the Audit of ESEF Documents" are described in more detail. Our audit practice has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

### **Responsibility of the legal representatives for the ESEF documents**

The legal representatives of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the management report in accordance with Section 328 (1) sentence 4 no. 1 HGB.

Furthermore, the company's management is responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

### **Auditor's responsibility for the audit of the ESEF documents**

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain professional skepticism. In addition

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date for the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited management report.

### **OTHER DISCLOSURES PURSUANT TO ARTICLE 10 EU-APRVO**

We were elected as auditor by the shareholders' meeting on December 5, 2023. We were engaged by the management on February 6, 2024. We have been the auditor of DDA ETP GmbH without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report) (mandatory disclosure pursuant to Article 10 (2) (e) of the EU Audit Regulation).

## OTHER MATTERS - USE OF THE AUDIT OPINION

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Our audit opinion should always be read in conjunction with the audited annual financial statements and the audited management report as well as the audited ESEF documents. The annual financial statements and management report converted into the ESEF format - including the versions to be filed with the company register - are merely electronic reproductions of the audited annual financial statements and the audited management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

## RESPONSIBLE AUDITOR

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The German Public Auditor responsible for the engagement is Olga Lingner-Fink.

Hamburg, April 24, 2024

BDO AG  
Auditing company



ButteLingner-Fink  
Certified Public Accountant

Certified Public Accountant